Dreams made real

Welcome. This report covers the year 2001 and gives details of Agilent's main impacts on the environment and society. We describe our goals and objectives, our results, and some areas for improvement.

Sustainability

"Building a sustainable business isn't just desirable: it's imperative. We've been working to evolve our own vision for sustainability and how we can all contribute to its development."
Gail Brownell, Environment and Sustainability Manager

What does sustainability mean to us?
The Earth's resources are limited. We want children worldwide to have a high-quality life and equal access to opportunities. In today's global economy, a growing population and resource depletion are affecting and limiting the ability to provide that future. Agilent is committed to responsible corporate citizenship and being an asset to our communities.

With operations and customers worldwide, a healthy environment and vibrant world economy are essential to our company's future growth. Integrating development of our business with a sustainable way of life will provide competitive advantage, help ensure long-term success, and increase the possibilities for the next generation.

Our entry to the Dow Jones Sustainability World Index and the FTSE4Good Global and US 100 Indexes demonstrates that we have sustainability at the heart of business strategy and our organizational structure reflects this. Our Product Stewardship Leadership team steers the development of our products and services in an environmentally responsible manner

Environmental impacts

"Managing our environmental impacts has become integral to our business processes and decision making. We've been able to achieve this because leaders in our company have shown ongoing commitment to corporate responsibility in a challenging economic climate."
Alvaro Rego, Program Manager, Environment and Sustainability

Respecting the world around us
Agilent is committed to doing business in an ethical and environmentally sustainable manner. We are implementing strategies to manage our operations in a way that supports a clean, healthy and sustainable environment.

Internally, our Environmental Health and Safety Management System (EHSMS) comprises the systems and processes that enable us to manage the environmental impacts of our operations and products. It establishes the framework that helps us ensure we manufacture responsibly, prevent pollution, reduce waste and conserve resources such as energy and water.

We set environmental objectives and targets annually, based on our policies and our potential impacts on the environment. We conduct an annual environmental, health and safety (EHS) review with top management and we perform quarterly updates. We measure performance using indicators that we select according to our EHS aspects.

Externally, we are working with a range of public and private sector organizations to help shape worldwide environmental policy. We are actively seeking solutions to climate change and the elimination of lead from manufacturing. We are pioneering products and services to minimize the use of resources and hazardous materials.

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People and values

"Agilent is first and foremost a place where innovation is a way of life. Building a company that thrives on innovation means designing HR programs that will reward, educate and help sustain an environment wherein our employees develop the products and processes that revolutionize the way people live and work through technology."
Jean Halloran, Senior Vice President, Human Resources

Supporting our people to reach their potential
As Agilent continues to change, we ensure that our policies and practices support our core values and make Agilent the best place to work for every employee. Our wages and benefits are globally competitive and we are committed to supporting our employees through effective training and development.

Our corporate values are integrity, trust and respect, teamwork, innovation, focus, speed, and accountability. At Agilent, employee opinions matter; and every day, at all levels of our business, we strive to create an environment where each individual is included and valued. We believe that this approach creates competitive advantage for our customers and enables our people to develop and contribute to their full potential.

Important to this process are the policies and practices that support employee diversity and inclusion and promote a balance between work and life.

Customers and partners

"Our customers are, of course, the focus for our vision and business strategy. They expect Agilent to meet the highest standards in our environmental and social policies and processes."
Larry Holmberg, Senior Vice President, Sales, Marketing and Customer Support

How do we support our customers?
Agilent's systems and processes ensure that we address customer requirements. We ensure transparency of information on issues such as use of hazardous materials and choice of suppliers and are happy to provide information to our stakeholders. We respond to and track customer requests to ensure we meet demand.

Our customers expect that our products have been developed in an environmentally and socially responsible manner. We provide them the opportunity to reuse or recycle products through our product remarketing initiative.

Our high environmental standards are demonstrated through our ISO 14001 registration and through our policies. We also participate in efforts with other organizations to find solutions to environmental issues, for example our work to meet the challenges of global warming.

What do our business partners expect from us?
Agilent recognizes that we benefit from forming relationships with a diverse range of suppliers and business partners. Our award-winning supplier diversification program has enabled us to make great strides in this area.

Our supply chain environmental management program ensures that we communicate our expectations to suppliers and work with them to improve their standards.

Did you know

Agilent won Cisco Systems' Annual President's Customer Satisfaction award.

This award is Cisco's highest supplier honor and salutes the supplier that most helped Cisco achieve customer satisfaction, cost targets, quality objectives and flexibility. This award was a great tribute coming from a world leader in the networking market. It reflects the 'customer first' culture instituted at Agilent.

Action in communities

"2001 has seen an amazing range of initiatives with which Agilent has been privileged to be involved. We have worked with a number of agencies to find ways of using our strengths to benefit communities worldwide."
Gene Endicott, Director, Public Affairs

Corporate citizenship

Agilent takes its corporate citizenship responsibilities seriously and every year we invest in programs and initiatives to help ensure that we are a powerful economic, intellectual and social asset to each nation and community in which we work.

Our community involvement program is known collectively as 'Agilent Action'. Through a range of initiatives, we seek to inspire minds and enrich lives.

Inspiring minds

Agilent supports programs that are designed to increase student interest and achievement in science education, with an emphasis on females and other populations under-represented in the technology industry.

Enriching lives

Agilent supports programs that help communities to effectively address local health and human services needs, and increase natural-resource sustainability.

Contact us

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For questions about our environment and social responsibility report, please call our Environment & Sustainability department on +1 408 553 6700, or email us at answers_ehs@agilent.com

Gail Brownell, Agilent Environment & Sustainability Manager

Glossary

Aspect, significant aspect (environmental)
An environmental aspect is an element of an organization's activities, products or services that can interact with the environment. A significant environmental aspect is an environmental aspect that has or can have a significant environmental impact. You can view Agilent's significant aspects here.

CO2
Carbon dioxide: a gaseous by-product of energy generation and energy use that is known to contribute to global warming.

EHS
Environment, Health and Safety

EHSMS
Environmental, Health and Safety Management System - you can read more about Agilent's EHSMS here.

EPA
Environmental Protection Agency, a USA government agency.

ESR
Environment and Social Responsibility

FY
Fiscal Year - for Agilent, this is November 1 to October 31.

GRI
Global Reporting Initiative: produced and maintained by the Coalition for Environmentally Responsible Economies (CERES). You can find out more about how we use GRI here

Impact (environmental)
Any change to the environment, whether adverse or beneficial, wholly or partially resulting from an organization's activities, products or services.

ISO 14001
An international standard issued by the International Organization for Standardization (ISO) relating to Environmental Management Systems. You can read about our ISO 14001 registration efforts here.

MWDVBE
Minority, women, disabled-veteran and veteran-owned business entrepreneurs.

NGO
Non-governmental organization

PFCs
Perfluorocompounds, potent and persistent greenhouse gases used in the manufacturing of semiconductors and integrated circuits.

SCEM
Supply chain environmental management program.

SPG
Semiconductor Products Group.

Sustainability
The ability to meet the needs of this generation without compromising the needs of future generations - for a fuller explanation see Sustainability.

UK
United Kingdom

USA
United States of America

US$
USA dollars: the currency of the USA.

YTD
Year to date

CEO statement

The severe downturn in the communications and semiconductor markets defined Agilent's second year as an independent company. The decline in our business posed two key tests for the company. We had to adjust quickly during the year as business weakened, and we had to maintain our commitment to our long-term goals and strategies.

One of those goals is to conduct our business in a way that supports a clean, healthy and sustainable environment. Another is to be an economic and social asset to every community where we do business. This year's environment and social responsibility report shows that we made good progress with these goals despite very difficult market conditions. Some of this year's highlights include:

* Agilent is now listed in both the Dow Jones Sustainability World Index and the FTSE4Good Global (Financial Times Stock Exchange) Index
* Agilent's company-wide Environmental Health and Safety Management System (EHSMS) successfully registered to ISO 14001
* Agilent reduced worldwide energy use and is on track with energy reduction targets
* Agilent launched our "Diversity Made Real" program with employees in early 2001
* Agilent supported global community relations programs, activities and events, known collectively as "Agilent Action"
* Agilent's Supplier Diversification program received two 'Corporation of the Year' awards
* Agilent was recognized as a Best Place to Work by several organizations and publications around the world, including Fortune Magazine and the Asian Wall Street Journal.

We expect to face challenging economic and market conditions in fiscal 2002. Our top priority is to return Agilent to profitability, which is essential if we are to achieve our goals as a corporate citizen. Our enduring strengths - our ability to innovate, our customer relationships and our people's skill and creativity - remain intact. We'll continue to pursue opportunities to contribute to environmental and social progress around the world. I'm proud of our accomplishments in this arena during 2001, and we are determined to extend that progress in 2002.

NED BARNHOLT, President and Chief Executive Office

Company Profile

Agilent Technologies is on the leading edge of nearly every major trend in communications, electronics and life sciences. From optical and wireless communications to disease and drug research and discovery, we deliver product and technology innovations that enable our customers to grow and succeed.

Leading companies - electronics equipment manufacturers, communications service providers, biopharmaceutical companies and others - depend on Agilent's more than 20,000 test, measurement and monitoring solutions, semiconductor products and chemical analysis tools to help drive the technological revolutions that are reshaping our world.

Agilent was created in a realignment of the Hewlett-Packard Company and began operating independently in November 1999.

We are listed on the Dow Jones Sustainability World Index and the FTSE4Good Global and US 100 (Financial Times Stock Exchange) Indexes. Our stock is also included in several socially responsible mutual funds, including Portfolio 21.

Where we are

Agilent's approximately 41,000* employees serve customers in more than 120 countries, and more than half our revenue comes from outside the United States. We have product development and manufacturing sites in Australia, China, Germany, Italy, Japan, Malaysia, Singapore, the United Kingdom and the United States. Agilent's headquarters is in Palo Alto, California.

* At the end of our 2001 fiscal year (October 31, 2001)

What we do

Agilent provides a range of transformative technologies and services that accelerate progress in electronics, communications and life sciences.

Our businesses are as follows:

Test and measurement. Agilent's test and measurement business provides test, measurement and monitoring systems used in the design, development, manufacture, operation or support of electronic devices, systems and supplies, and of communications equipment and networks. Test and measurement also provides software for the design of high-frequency communications devices.
FY2001 net revenue US$5,432 million

Semiconductor products. The semiconductor products business is a leading supplier of semiconductor solutions for the connected world. Its focus is on providing high-performance optical, mixed-signal and digital integrated circuit products for networking, wireless, imaging and computing applications.
FY2001 net revenue US$1,850 million

Chemical analysis and life sciences. The chemical analysis and life sciences business provides solutions, services and supplies that enable customers to identify, quantify, analyze and test the atomic, molecular, physical and/or biological properties of substances and products.
FY2001 net revenue US$1,114 million

Agilent Laboratories. One of the world's leading industrial research centers, Agilent Labs creates technological innovations that drive growth and profitability for Agilent. Agilent Labs draws on the talents of researchers and support staff around the world. Its research staff is tightly aligned with the research and development teams of our businesses. Agilent Labs is a major contributor to the company's new-business generation effort.

In August 2001, Agilent sold its Healthcare Solutions Group to Philips Electronics as part of Agilent's drive to focus its business in three major areas: electronics, communications and life sciences.

How we report Environment and Social Responsibility

We publish our Environment and Social Responsibility report annually. Agilent prepared this report in accordance with the Global Reporting Initiative's (GRI) June 2000 *Sustainability Reporting Guidelines*.

You can get more detail about the data contained in this report in About the performance data.

Global Reporting Initiative
The mission of the GRI is to promote international harmonization in the reporting of relevant and credible corporate economic, environmental, and social performance information to enhance responsible decision-making. GRI pursues this mission through a multi-stakeholder process of open dialogue and collaboration in the design and implementation of widely applicable sustainability reporting guidelines. GRI has not verified the contents of this report, nor does it take a position on the reliability of information reported herein.

Report design
This report was put together with the help of specialists at Flag in the UK.

Vision and strategy

Agilent is, and always has been, a pioneer.

Our purpose is to revolutionize the way people live and work through technology and our mission is to help turn our customers' dreams of human advancement into reality. We provide essential technologies and services that enable breakthroughs in electronics, communications and life sciences.

We aim to be a technology innovator, a supplier and partner of choice, a great place to work, and a force for economic and social progress by doing business in an ethical, socially responsible and environmentally sustainable manner.

What does global citizenship mean for Agilent?
Our strong corporate values - integrity; trust and respect; teamwork; innovation; focus; speed; accountability - are the foundation of our company. They shape the way we deal with our employees, customers, investors, partners and the communities in which we operate.

We are committed to continually improving our practices to develop our business in a way that conserves resources and is environmentally responsible.

We value diversity as the foundation of innovation, as a key value and as an essential component of our business long term.

Our citizenship objective is to honor our obligations to society by being an economic, intellectual and social asset to each nation and community in which we operate.

Executive summary and performance indicators

This was a difficult year for Agilent. With a squeeze on global markets - particularly in communications and electronics - we made difficult decisions and took steps to manage the company for the long term.

Making progress against environmental and social goals remains fundamental to our business. Decreased manufacturing, a reduction in the number of employees, and cutbacks in travel brought positive environmental benefits, lessening some of our impacts. At the same time, however, we had fewer resources available to implement our environmental and social programs.

This report includes several features to assist you in reviewing our performance:

* We compare all of the 2001 indicators to our 2000 performance
* We added some new indicators this year, such as packaging data and airline travel mileage
* We provided site-specific environmental data, where available
* We include several integrated indicators, measuring energy, waste and water data against revenue
* We offer links in some places to additional web sites for further information

Our 2001 and 2002 objectives for each area are identified in the relevant sections of the Performance part of this report.

For the first time we are making our environment and social responsibility report available solely via the Internet. This is in support of our objective to minimize use of resources (such as paper and ink). If you would like to print one or more sections of this report, please see our guidance on printing.

For more information on Agilent and our financial performance in 2001 please see our Annual Report and Year in Review.

Performance indicators

By measuring our environmental, economic and social performance we can quantify our impacts on the world and identify ways to improve our performance across all three areas.

The indicators we selected to measure our performance, in line with the GRI reporting guidelines, are as follows:

Environmental indicators	**Economic indicators**
Energy	Economic performance
Water	
Materials	**Social indicators**
Emissions to air	Employee care and benefits
Waste management	Products and services
Products and services	Suppliers
Suppliers	Employee health and safety
Land-Use/Biodiversity	Community involvement

These indicators are based on Agilent's organization and operational characteristics, and reflect Agilent's performance in the environmental, economic, and social areas.

* For environmental performance, we present as many of the 'generally applicable' and 'organization-specific' GRI-listed indicators as our current data collection processes can support.
* For economic performance, we report on those GRI-recommended indicators that are consistent with the reporting requirements of the US Securities and Exchange Commission. Additional economic information is available in Agilent's Annual Financial Report
* For social performance, we present indicators from the major GRI-suggested categories based on the appropriateness for Agilent's businesses.

We have not developed integrated indicators, although we are testing ways to normalize some environmental data using revenue or square footage.

Policies, organization and management systems

Our policies and management systems apply across all our businesses. We designed them to increase our competitiveness, reduce our impact on the environment, and enhance our value to our communities.

We set environmental and occupational health and safety objectives and targets annually based on our policies and the potential impacts on the environment and our workforce. We conduct an annual environment, health and safety (EHS) review with top management and we perform quarterly updates.

To ensure continual improvement, we review our systems and policies annually for suitability, adequacy and effectiveness.

Policies

Environment and sustainability policy
To act in an environmentally responsible manner with regard to our operations, products and services.

You can find more about our environmental policy at www.agilent.com/environment/epolicy.pdf.

Energy policy
To reduce our baseline consumption of energy resources by 5% annually and develop our program such that it will be a sustainable part of our everyday business.

If you have specific questions about our energy policy, please contact answers_ehs@agilent.com.

Employee diversity, inclusion, accessibility and work–life balance policies
We apply a range of policies and practices to promote employee diversity, inclusion, accessibility and work-life balance, including:

* Domestic partner benefits
* Education assistance program
* Employee, family assistance program
* Employee network group guidelines
* Non-discrimination policy
* Accessibility and accommodations guidelines.

You can find out more about these policies at www.agilent.com/diversity/English/index.html.

Supplier policy
To purchase industry-standard materials and services from qualified suppliers who conduct their operations in an environmentally responsive manner and in a way that ensures the health and safety of their employees and their surrounding communities.

If you have specific questions about our supplier policy, please contact answers_ehs@agilent.com.

Product safety and regulations policy
To provide products and services that meet the legal requirements and are safe for their intended markets and applications.

You can find more about our product safety and regulations policy at www.agilent.com/environment/safepolicy.pdf.

Occupational health and safety policy
To create the health and safety practices and work environments that enable our people to work injury and illness free.

You can find more about our occupational health and safety policy at www.agilent.com/environment/ohspolicy.pdf.

Political activities policy
To further its corporate objectives, Agilent Technologies has always been active in the formation of public policies having an effect upon the company, its employees, or its operations. This activity is manifested in various ways, such as support for our education system, development of technology programs, improvement of the government procurement process, and support of pro-competitive oriented tax and trade laws. As part of this process, we also encourage communication between Agilent Technologies managers and public officials.

If you have specific questions about our political activities policy, please contact answers_ehs@agilent.com.

Employee volunteering policy
Agilent employees may use up to four hours of company time per month, with manager approval, to work on company-supported school or community programs.

You can find more about our employee volunteering at www.agilent.com/comm_relation/comty_actn_volntrs.html.

Position statements
The following statements are used to communicate Agilent's position on a range of environmental and social issues.

Ozone-depleting substances elimination position statement

Glycol ether elimination position statement

Reducing perfluorocompounds (PFC) emissions from semiconductor operations position statement

Restricted chemicals position statement

Position statement on Section 508 Accessibility Standards

Global Climate Change issue brief

If you have specific questions about any of these statements, please contact answers_ehs@agilent.com.

Our organization

The organizational structure through which we manage environment, health and safety issues is as follows.

The Environment and Sustainability department sits within our Voice of the Customer function which, as part of our Enterprise Supply-Chain Services organization, is designed to address specific customer issues and meet market expectations. Voice of the Customer also covers areas such as product regulations and standards, quality, and supplier diversification.

Environment and Sustainability is responsible for the ISO 14001 program, the product stewardship program, the supply chain environmental management program, stakeholder dialog and a variety of other programs including the Environment and Social Responsibility report.

Alongside Environment and Sustainability, Workplace Services handles EHS operations within Agilent. Workplace Services is responsible for ensuring that environmental and occupational health and safety practices are implemented across Agilent sites. Within this function are regional and site EHS managers and staff.

Workplace Services and Environment and Sustainability work closely together to coordinate internal and external functions.

The organizational structure for managing the social and employee-related areas of our business includes several major functions, such as Human Resources, Community Affairs, Public Affairs and Communications. We focus on our economic performance via our financial reporting and investor relations functions. All groups work together to determine overall direction and make decisions that are consistent with Agilent's business goals and values. An informal cross-functional Corporate Citizenship Team meets as needed to reach consensus on topics of company-wide interest, such as this report.

EHSMS

Agilent's Environmental, Health and Safety Management System (EHSMS) is a company-wide system. It underpins the EHS programs described in this report.

The EHSMS is central to our strategy for developing a sustainable business. It informs our approach to managing potential environmental and occupational health and safety impacts from Agilent and covers our design, development, manufacturing, distribution, and sales and service operations worldwide.

The system incorporates elements of plan, do, check and act. It involves an internal audit program to check performance and annual management review.

EHS objectives and targets

We implement the EHSMS as part of Agilent's overall business process. It includes the development of appropriate objectives and targets. We establish our company-wide EHS objectives and targets considering our significant EHS aspects, legal requirements, technological options, input from interested parties, and our financial, operational and business requirements. Proposed EHS objectives and targets are developed annually by cross-functional teams of internal experts and then presented to management for review and approval.

The objectives and targets related to the environmental and occupational health and safety performance cited in this report are for company-wide performance and were developed in accordance with the EHSMS. Objectives and targets cited in areas other than EHS are outside the scope of the EHSMS.

Achieving ISO 14001 registration

"BVQI has begun the process of auditing the Agilent Technologies environmental management system at each of the company's worldwide sites. We have found that the system conforms to the requirements of ISO 14001 at each site visited. Agilent Technologies has based their management system on the concepts of protecting the environment and operating in an environmentally sustainable manner. Their performance in this regard has been excellent."
David Church, Director of Environmental Services, BVQI

In line with the objective stated in our environment and social responsibility report for 2000, Agilent's company-wide EHSMS achieved ISO 14001 registration in April 2001. ISO 14001 is an international standard for environmental management systems.

The review process required for certification was carried out by a team of independent, external auditors from Bureau Veritas Quality International (BVQI). The audit included interviews with employees about Agilent's environmental policies and practices. It also involved careful evaluation of our processes for managing our impact on the environment through our operations, products and supply chain.

Agilent sites in Scotland and England have been registered as compliant with ISO 14001 for several years. Our California semiconductor manufacturing sites and a portion of our Boeblingen, Germany site were also recently registered. The registration we obtained in 2001 covers the global system that Agilent uses to manage our EHS risks. We are now adding each of our manufacturing sites to the certificate through a series of local site registration audits. All manufacturing sites will be registered by December 2003.

EHS employee training

We provide employee training to address job specific EHS risks, fulfill compliance requirements, encourage professional development, and raise awareness of significant policies and business practices. Training is delivered in a variety of formats, including web-based and classroom-based training and courses delivered in local languages. A globally deployed web-based learning management system (KnowledgePlanet) helps Agilent's businesses and functions to proactively track and monitor employee education, learning and development.

Agilent provides job- and business-related training at no expense to employees.

Supply chain environmental management program

Our supply chain environmental management (SCEM) program puts in place processes that favor suppliers who are responsible global citizens. We actively encourage suppliers to reduce their impact on the environment through continuous improvement and review. Where a supplier does not meet our stated EHS expectations, we work with them to achieve the standards we require.

Management systems

Agilent's Environmental, Health and Safety Management System (EHSMS) is a company-wide system. It underpins the EHS programs described in this report.

The EHSMS is central to our strategy for developing a sustainable business. It informs our approach to managing potential environmental and occupational health and safety impacts from Agilent and covers our design, development, manufacturing, distribution, and sales and service operations worldwide.

The system incorporates elements of plan, do, check and act. It involves an internal audit program to check performance and annual management review.

Building stakeholder relationships

Our major stakeholders are our employees, customers, investors, suppliers, governments, communities, neighbors and non-governmental organizations (NGOs).

The Environment and Social Responsibility Report 2000 invited stakeholders to respond to the report using a postage-paid feedback form, to rate the report, make comments or ask questions. We also provided an e-mail address. These mechanisms elicited some requests and questions from customers, employees, investors, NGOs and students, all of which received responses.

Last year's report was reviewed in detail prior to publication by Business for Social Responsibility (BSR), of which we are a member. We acted on BSR's input where possible, such as by restructuring this year's report to make the accordance with GRI guidelines clearer, and including more information about commitments and targets. Other recommendations, such as developing more data on Land-Use/Biodiversity and introducing more targets related to social performance have been noted for action in future years as the report matures and more detail is added.

For this year's report, we have consulted a number of stakeholders, including Agilent employee sustainability discussion groups and an NGO that focuses on the electronics industry (Silicon Valley Toxics Coalition - SVTC). Once again, BSR has reviewed the report prior to publication. CSR Network (a European-based consultancy that helps companies implement strategies for social responsibility) also reviewed and commented on the report before publication. Comments from these organizations can be viewed on our site feedback page.

As part of our business processes, we pursue ongoing discussions with customers, suppliers and employees about issues of corporate responsibility and how we can achieve better overall performance. We plan to continue strengthening this element of our overall citizenship strategy.

Communicating with our employees

During 2001, we have implemented programs to:

* Proactively communicate our environmental policies to employees
* Raise awareness of the EHSMS, changes to it, and its significance to our operations at Agilent sites as they prepare for ISO 14001 registration
* Make the EHSMS and the Environment and Social Responsibility Report 2000 available, via our intranet, to all employees
* Raise awareness of EHS issues and what employees can do to make a difference at work and in their communities
* Provide news and updates of EHS initiatives and programs
* Establish sustainability discussion groups where our employees can discuss personal and company actions, including a review of last year's Environment and Social Responsibility Report.

Membership of organizations

To help ensure that we do business in line with best practice and rising stakeholder expectations, Agilent is a member of several leadership organizations, including: American Electronics Association; Business for Social Responsibility; Business and Industry Advisory Committee to the Organization for Economic Cooperation and Development; US Council for International Business; Public Affairs Council; Points of Light Foundation; Conference Board; Corporate Executive Board; Wildlife Habitat Council; Future 500; National Minority Supplier Development Council; Center for Corporate Citizenship at Boston College; European Union Committee of the American Chamber of Commerce; European Information Communications and Consumer Electronics Technology Industry Association; and European Policy Center.

Agilent is also a member and participant in many additional national, regional and local associations around the world.

Performance

"The quantity and frequency of data-reporting in Agilent has increased this year. We are working hard towards further improving the robustness of our reporting in the future to ensure accountable and sustainable performance."
Ty Richmond, Director Workplace Resources

The information in this report covers the year 2001. Calendar years are used for reporting environmental and social performance unless otherwise noted. Fiscal years (November 1 to October 31) are used for reporting economic performance. Due to timescales for reporting, figures for the fourth quarter (calendar years) are estimated. Because we cannot provide quantitative data for all areas, we have sometimes used qualitative information and case studies to demonstrate our activities and progress.

As in 2000, we have used the Global Reporting Initiative as the framework for our report. This ensures that the information we provide is transparent and comparable both within and across industry sectors.

Environmental performance highlights

Noteworthy environmental achievements for 2001 include the following:

* Our company-wide Environmental, Health and Safety Management System (EHSMS) was registered to ISO 14001. This independent, third-party registration is recognized internationally and demonstrates that a company is effective in environmental management. Registration of the company-wide EHSMS gives us the framework needed to register our existing manufacturing sites worldwide under a single certificate
* We published our first Environment and Social Responsibility report
* We further developed our Supply Chain Environmental Management program, through which we work with suppliers to ensure that their environmental and social programs meet our defined expectations
* We reduced our global energy consumption and we are on track with meeting our energy reduction targets
* Our product remarketing business achieved year-on-year growth
* Environmental awards won this year include: a Union Sanitary District award (for wastewater compliance) at our site in Newark, California; a 2001 Research and Development Award for our work on the Supercritical CO2 Resist Remover (a possible manufacturing process that reduces solvent use in semiconductor manufacture); a 2001 Industry Forum Ecology Award for the Bioanalyzer 2100 and LabChip® technology and awards for eight Agilent sites in California in the 2001 Waste Reduction Awards Program (WRAP)
- Agilent Earth Day celebrations included: tree planting on the mountain of Miaofengshan, near Beijing, China; involvement with the 'Happy Earth' events in South Korea; promotion of ride-sharing in the UK; and several informational fairs at Agilent sites in the USA.

Energy

"The success of our energy management program has come not just from strategic decision-making, but from the commitment of employees worldwide to making a difference."
Chris DeVos, Energy Program Manager

Agilent has programs in place to reduce our energy consumption by 5% annually (measured in kilowatt-hours) through October 31, 2004. We met our company-wide 2001 energy objectives and targets by developing energy standards and implementing energy audits. The results of the energy audits will be used to identify energy reduction opportunities in FY2002 and beyond.

We have built on the activities detailed in last year's report by:

* Conducting energy audits at most of our major manufacturing sites to identify opportunities for energy savings both now and in the future
* Implementing site-specific energy conservation projects identified through the energy audit process
* Establishing heating, cooling and lighting standards worldwide
* Promoting conservation through employee awareness
* Creating an incentive program for our workplace services team to reduce costs worldwide.

Carbon dioxide (CO2) and global warming
Energy use by Agilent creates CO2 emissions in two ways. The first is CO2 emitted onsite from the burning of oil and natural gas. The second is CO2 emitted remotely by third-party power generators during the production of electricity. The amount of CO2 emitted in this second case varies depending on the production method used by the generator. Methods such as coal, oil or gas burning emit CO2 as a by-product. Methods using hydroelectric, solar or wind technologies produce little or no CO2.

Agilent plans to report CO2 emissions or its equivalents when standardized global conversion factors are available. When we begin reporting this way, we will separate out the CO2 produced onsite from that produced by our power generators. This will help prevent the double-counting of emissions on a global level, since some electricity providers may also be reporting their CO2 emissions. Also, our report of the CO2 emissions produced by third parties will be estimates at best.

Energy

Energy consumption worldwide (million kwh)

	1999	2000	2001
Electricity consumption (percentage renewable*) 1	619 (8.8%)	653 (6.5%)	606 (23.4%)
Natural gas/diesel consumption	188	250	223
Total energy consumption 2	807	903	830

1 The overall reduction in energy consumption is due to the success of our worldwide energy management program and a general decrease in production.
2 The reported increase in percentage renewable energy for 2001 is due to improved data reporting. Our renewable energy sources are from third parties.

Regional breakdown

(see where we are)

Asia Pacific (million kwh)

	1999	2000	2001
Electricity consumption (percentage renewable*)	126.9 (0%)	144.3 (0%)	144.3 (1%)
Natural gas/diesel consumption	5.1	48.1	5.6
Total energy consumption	132.0	192.4	149.8

(*Renewable energy includes hydroelectric, wind and solar)
note that data for Melbourne, Australia was not available and, therefore, is not included.

Europe (million kwh)

	1999	2000	2001
Electricity consumption (percentage renewable*)	67.4 (0%)	76.6 (2%)	75.3 (1%)
Natural gas/diesel consumption	25.9	30.3	24.5
Total energy consumption	93.3	106.9	99.8

(*Renewable energy includes hydroelectric, wind and solar)

USA (million kwh)

	1999	2000	2001
Electricity consumption	424.8	432.2	386.8
(percentage renewable*)	(13%)	(10%)	(36%)
Natural gas/diesel consumption	156.7	171.1	193.1
Total energy consumption	581.5	603.4	579.9

(*Renewable energy includes hydroelectric, wind and solar)

USA breakdown
San Francisco Bay Area (million kwh)

	1999	2000	2001
Electricity consumption	162.4	151.7	139.0
(percentage renewable*)	(22%)	(19%)	(56%)
Natural gas/diesel consumption	82.4	54.4	75.0
Total energy consumption	244.8	206.1	214.0

(*Renewable energy includes hydroelectric, wind and solar)

Colorado (million kwh)

	1999	2000	2001
Electricity consumption	126.7	135.3	138.9
(percentage renewable*)	(0%)	(0%)	(18%)
Natural gas/diesel consumption	31.4	70.2	80.1
Total energy consumption	158.1	205.5	219.0

(*Renewable energy includes hydroelectric, wind and solar)

East Coast (million kwh)

	1999	2000	2001
Electricity consumption	48.9	47.5	19.7
(percentage renewable*)	(4%)	(6%)	(0%)
Natural gas/diesel consumption	15.3	17.0	1.1
Total energy consumption	64.2	64.5	20.8

(*Renewable energy includes hydroelectric, wind and solar)

Northwest (million kwh)

	1999	2000	2001
Electricity consumption	86.8	97.7	89.2
(percentage renewable*)	(19%)	(10%)	(41%)
Natural gas/diesel consumption	27.6	29.6	36.9
Total energy consumption	114.4	127.3	126.1

(*Renewable energy includes hydroelectric, wind and solar)

2001	Electricity consumption (percentage renewable*)	Natural gas/diesel consumption
Hachioji, Japan	17.4 (7%)	2.9
Kobe, Japan	7.1 (7%)	2.7
Shanghai, China	0.8 (0%)	0
Penang, Malaysia	64.6 (0%)	0
Singapore	54.4 (0%)	0
Melbourne, Australia	-	-
Totals	144.3 (1%)	5.6

(*Renewable energy includes hydroelectric, wind and solar)

Europe - individual sites (million kwh)

2001	Electricity consumption (percentage renewable*)	Natural gas/diesel consumption
Boeblingen, Germany	35.5 (-)	9.9
Waldbronn, Germany	5.1 (-)	1.9
Ipswich, UK	18.4 (3%)	3.3
South Queensferry	16.3 (3%)	9.4
Turin, Italy	- (-)	-
Totals	75.3(1%)	24.5

(*Renewable energy includes hydroelectric, wind and solar)
The totals do not include Turin, Italy

USA - individual sites

San Francisco Bay Area (million kwh)

2001	Electricity consumption (percentage renewable*)	Natural gas/diesel consumption
Bay area, SPG	79.4 (44%)	46.7
Roseville/Folsom	5.0 (50%)	0.8
California, Ave Bldg 17	5.7 (80%)	2.9
Santa Clara	26.0 (65%)	12.1
Labs - Palo Alto	22.9 (80%)	12.5
Totals	139.0 (56%)	75.0

(*Renewable energy includes hydroelectric, wind and solar)

Colorado (million kwh)

2001	Electricity consumption (percentage renewable*)	Natural gas/diesel consumption
Colorado Springs	39.8(10%)	20.3
Loveland	27.6 (0%)	14.6
Ft. Collins	71.5 (30%)	45.2
Totals	138.9 (18%)	80.1

(*Renewable energy includes hydroelectric, wind and solar)

East Coast (million kwh)

2001	Electricity consumption (percentage renewable*)	Natural gas/diesel consumption
Wilmington, DE	13.0 (-)	1.1
New Jersey	6.7 (-)	0.0
Totals	19.7 (0%)	1.1

(*Renewable energy includes hydroelectric, wind and solar)

Northwest (million kwh)

2001	Electricity consumption (percentage renewable*)	Natural gas/diesel consumption
Lake Stevens, WA	4.3 (69%)	4.5
Spokane, WA	14.3 (67%)	2.3
Sonoma County, CA	70.6 (34%)	30.1
Totals	89.2 (40%)	36.9

(*Renewable energy includes hydroelectric, wind and solar)

Integrated data

	20001	2001
Total Energy/Net Revenue (KWh/100 million US$)	8.38	9.89
Total Electricity/Net Revenue (KWh/100 million US $)	6.06	7.22

Data represents manufacturing sites only.

All data is for fiscal year.

However, the dramatic impact of the economic downturn in the technology sector led to an increase in our energy consumption to revenue ratio during 2001.

Case study | Energy savings in 2001

Agilent's worldwide energy program contributed cost savings of more than US$2.million in FY2001 with contributions across the Americas, Asia Pacific and Europe.

In the US, low-cost conservation projects have saved US$350,000 this year, and the recent distribution of office occupancy sensors at our sites in the San Francisco Bay Area will save an additional US$50,000. With utility company rebate programs, the simple payback for these projects is estimated at less than three years.

In Japan, the energy team has achieved great savings both in basic costs and energy usage, resulting in an overall saving of US$260,000. In Singapore, more than US$400,000 has been saved through energy conservation projects and energy contracts.

In Europe, energy savings have been achieved through conservation programs and renegotiated contracts with utilities companies. A program of site audits and employee awareness is also contributing to ongoing savings.

Case study | Evaluating renewable energy sources for Agilent

The cost of electric power for Agilent in Northern California has increased by 73% and this has raised interest in the viability of renewable energy sources for our large manufacturing facilities. Renewable energy can come from the following sources, each of which has different benefits depending on how it is used within Agilent:

* Photovoltaic solar electricity
* Hot-water solar
* Fuel cells
* Wind-generated power
* Bio mass and waste
* Small hydro-electric power.

We carried out detailed evaluation of the application and potential cost savings of each of these sources. Only photovoltaic solar electricity, solar hot water and fuel cells have potential applications for Agilent facilities. These technologies are expensive, however, and do not meet Agilent's internal requirements for rate of return. Agilent concluded that our best approach is to reduce our overall energy consumption rather than to develop renewable energy sources at our current

level of consumption. We estimate that we can reduce our consumption by a megawatt of energy for only US$1.5 million compared to developing a megawatt of renewable energy for US$3 to US$6 million.

Water

"Water management and conservation have always been recognized as important in Agilent - several sites have established water conservation targets. Water management is considered in our annual EHSMS measurement and target-setting process."
Roy West, Global Environmental Manager

Although we do not currently have company-wide water-related objectives, Agilent is committed to conservation of all resources including water.

As described in last year's report, some Agilent sites around the world have water-reduction efforts underway which include low-flow toilets, irrigation conservation techniques and using reclaimed water where possible.

In Singapore, Agilent's semiconductor operations are implementing projects to reduce de-ionized water used in wafer processing by 40% and to recycle/reuse 50,000 cubic meters (m3) of process/irrigation water annually. These projects are scheduled for completion by February 2002.

We continue to review our water usage during our annual cycle of evaluating company-wide EHS aspects and impacts and developing objectives and targets.

Did you know

Agilent won the Union Sanitary District award for maintaining consistent compliance with the wastewater permit at our Newark, California facility.

Water consumption worldwide (1,000 cubic meters)

	1999	2000	2001
Water use for operations 1	4010	4070	3960
Water use for irrigation	-	-	473
Total water use	4010	4070	4430
Water recycled	213	316	228
(percentage recycled*)	(5%)	(8%)	(5%)

1 Total water usage for operations has decreased slightly. We are now also beginning to collect and report data on water used for irrigation. The addition of the irrigation water consumption is responsible for an increase in the total water usage reported.

Regional breakdown
(see where we are)

Asia Pacific (1,000 cubic meters)

	1999	2000	2001
Water use for operations	-	-	1261
Water use for irrigation	-	-	0
Total water use	1014	1316	1261
Water recycled	0	0	1
(percentage recycled*)	(0%)	(0%)	(0%)

Europe (1,000 cubic meters)

	1999	2000	2001
Water use for operations	-	-	179
Water use for irrigation	-	-	0
Total water use	160	184	179
Water recycled	0	2	0
(percentage recycled*)	(0%)	(1%)	(0%)

USA (1,000 cubic meters)

	1999	2000	2001
Water use for operations	-	-	2519
Water use for irrigation	-	-	473
Total water use	2839	2565	2992
Water recycled	213	314	227
(percentage recycled*)	(8%)	(12%)	(8%)

USA breakdown
San Francisco Bay Area (1,000 cubic meters)

	1999	2000	2001
Water use for operations	-	-	950
Water use for irrigation	-	-	77
Total water use	1185	1061	1027
Water recycled	52	28	81
(percentage recycled*)	(4%)	(3%)	(8%)

Colorado (1,000 cubic meters)

	1999	2000	2001
Water use for operations	-	-	996
Water use for irrigation	-	-	69
Total water use 2	831	516	1065
Water recycled	77	62	81
(percentage recycled*)	9%)	(12%)	(8%)

2 Water use increased in Colorado because we built a new semiconductor fabrication facility there. In addition, irrigation water usage data was not captured last year.

East Coast (1,000 cubic meters)

	1999	2000	2001
Water use for operations	-	-	26
Water use for irrigation	-	-	0
Total water use 3	198	151	26
Water recycled	0	0	0
(percentage recycled*)	(0%)	(0%)	(0%) 0

3 This decrease in consumption in the East Coast region can be attributed to the sale of our Healthcare Solutions Group facility in Andover, Massachusetts. There was also a decrease in production at our Rockaway, New Jersey facility.

Northwest (1,000 cubic meters)

	1999	2000	2001
Water use for operations	-	-	546
Water use for irrigation	-	-	327
Total water use	625	838	874
Water recycled 4	84	224	66
(percentage recycled*)	(13%)	(27%)	(8%)

4 The percent of recycled water dropped at Sonoma County, California sites because of processing problems associated with recycling water through site cooling towers. The recycle system was temporarily taken offline while the problem was resolved. It is now back online.

Asia Pacific - individual sites (1,000 cubic meters)

2001	Water use for operations	Water use for irrigation	Water recycled
Hachioji, Japan	61	0	0
Kobe, Japan	30	0	0
Shanghai, China	13	0	0
Penang, Malaysia	875	0	0
Singapore	277	0	1
Melbourne, Australia	5	0	0
Totals	1261	0	1

Europe - individual sites (1,000 cubic meters)

2001	Water use for operations	Water use for irrigation	Water recycled
Boeblingen, Germany	67	0	0
Waldbronn, Germany	11	0	0
Ipswich, UK	55	0	0
South Queensferry	43	0	0
Turin	3	0	0
Totals	179	0	0

USA - individual sites

San Francisco Bay Area (1,000 cubic meters)

2001	Water use for operations	Water use for irrigation	Water recycled
Bay area, SPG	695	20	72
Roseville/Folsom	0	0	0
California, Ave Bldg 17	20	0	0
Santa Clara	117	48	0
Labs - Palo Alto	118	9	9
Totals	950	77	81

Colorado (1,000 cubic meters)

2001	Water use for operations	Water use for irrigation	Water recycled
Colorado Springs	110	56	0
Loveland	79	13	0
Ft. Collins	807	0	81
Totals	996	69	81

East Coast (1,000 cubic meters)

2001	Water use for operations	Water use for irrigation	Water recycled
Wilmington, DE	18	0	0
New Jersey	8	0	0
Totals	26	0	0

Northwest (1,000 cubic meters)

2001	Water use for operations	Water use for irrigation	Water recycled
Lake Stevens, WA	10	0	0
Spokane, WA	149	109	0
Sonoma County, CA	387	218	66
Totals	546	327	66

Integrated data

	2000	2001
Worldwide water usage for operations/net revenue (m3/100 million US$)	37.78	47.17

Data represents manufacturing sites only.

All 2001 data is for fiscal year except Sonoma County data, which is for calendar year.

Case study | Water conservation projects

We implemented several water conservation projects at our Sonoma County, California sites that use reclaimed water to meet our industrial and landscaping needs. In 2000-01,we saved 7.6 m3/day of water or 1,893 m3/annually by replacing a single-pass de-ionized water parts-rinsing process with an activated carbon reclaim system. In addition, in 2001, we used reclaimed industrial water for a tree-line drip irrigation system and reduced our wastewater discharge by 94.6 m3/day.

By February 2002, we plan to save an additional 109.9 m3/day or 40,110 m3/annually by using reclaimed water for cooling tower make-up water and for air treatment (fume scrubber) systems needs.

Materials

"I'm delighted that our product re-marketing program has been such a success, enabling customers to acquire our products economically and with significant environmental advantage."
Brian Peak, Supply Chain Manager, Financial Solutions Unit, Worldwide

We have a number of strategies for minimizing resource use.

* Where possible we ensure that our products are refurbished and re-marketed or recycled, to divert electronic scrap from landfill sites. You can find out more about this in our case study on Purchase Alternatives.
* Within Agilent, we have a used and obsolete equipment contributions process to ensure that equipment is re-used or recycled. Much of this is given as charitable donations.
* We develop strategic relationships with environmentally responsible suppliers who meet our standards for materials use and disposal.

Agilent can provide more information to our stakeholders about our detailed standards and requirements for materials use - both within Agilent and by our suppliers. Stakeholders can send comments and queries to answers_ehs@agilent.com.

Packaging our products
Our packaging is designed to protect our products in today's complex global distribution environment. It ensures that we can safely move technical and sophisticated goods that range in weight from less than one pound to over 8,000 pounds per unit.

Our packaging meets known regulatory requirements in areas such as pest risk mitigation, heavy metal elimination, and measures to minimize the use of ozone-depleting substances.

Through our packaging we reduce environmental impacts by minimizing the number of damaged goods that need to be landfilled or recycled before they are ever used. The benefit to our customers is that our packaging ensures that products are delivered on time and in good condition.

Whenever possible, we incorporate generic transportation mechanisms that we can re-use.

Did you know

Electronic waste is a growing issue worldwide. This is primarily due to the short lifecycle of personal computers and other consumer electronics. In comparison, Agilent's test and measurement products have a long useful life, often 12-15 years.

Packaging (in metric tons)

	2000	2001
Paper card	2616	1935
Plastics	122	101
Aluminium	0	2
Steel	16	13
Wood	1760	1060
Composite	0	0
Glass	0	0
Other	11	9
Total	4525	3119

This data represents primary packaging for hardware, software and accessories. It does not include spare parts or secondary transport packaging. Secondary transport packaging (for example, pallets) is owned by the transport companies and is not quantified by Agilent.

Case study | Giving customers purchase alternatives

Our Purchase Alternatives initiative offers customers a range of alternatives for acquiring Agilent products. These include purchasing refurbished equipment, our trade-in program, leasing and finance plans, and equipment rental. Options like these mean that customers can effectively acquire, manage and recycle the equipment they need. Our comprehensive refurbishment processes mean we can re-market much of the equipment we take back from our customers, even if it isn't working when we receive it.

In recent years, we have achieved steady growth in our product trade-in and re-marketing business:

fiscal year	**products (growth)**
1999	3,000
2000	5,200 (73%)
2001	6,350 (22%)

Emissions to air

"Agilent is concerned about the issue of global climate change. In my job, I'm looking at how we minimize our environmental impacts day to day."
Jeffrey Tan, EHS Regional Manager, Asia Pacific

While we do not currently have company-wide air emissions-related objectives, we consider emissions to air in four categories.

* Chemical emissions from manufacturing that we must report, usually because of their toxicity. This data is shown in the tables and represents the sum of multiple chemical emissions that must be reported by each region according to local government regulations.
* Chemical emissions from manufacturing that contribute to global warming, specifically perfluorocompounds (PFCs) used in the manufacture of semiconductors by our Semiconductor Products Group. Agilent reports PFC emissions through an industry association and has signed up to an agreement with others in industry to reduce PFC emissions. You can find out more about this in the Challenge of global warming.
* Carbon dioxide (CO2), a combustion by-product from burning coal, natural gas or oil for energy. You can find out more about Agilent's approach to CO2 emissions in the Energy section.
* Emissions from the transportation of employees and products. We do not currently have company-wide objectives for employee transportation; however, we have quantitative data on employee air travel (measured in CO2) and institute a range of local commute programs to help minimize employee ground transportation emissions. We have not so far calculated product transportation emissions; such calculations would be difficult because Agilent products rarely account for the entire load of any mode of transit.

The challenge of global warming
As the international community tackles the long-term challenge of global climate change, Agilent is monitoring its consumption of energy derived from fossil fuels (see Energy).

Greenhouse gases such as perfluorocompounds (PFCs), which are potent and persistent, pose a formidable technical challenge to current semiconductor manufacturing methods, but must be addressed in the longer term. In March 2001, the Semiconductor Industry Association (SIA) and the USA Environmental Protection Agency (EPA) announced a partnership to reduce annual absolute PFC emissions collectively by 10% below 1995 baselines by 2010. This agreement is a major step toward meeting the challenges of global climate change without the burden of mandates and regulation.

Agilent's Semiconductor Products Group will comply with the goals and terms of the agreement. In 2001, we achieved a very significant decrease in PFC emissions, primarily due to reduced production. In spite of this downturn, however, we have continued our emission reduction efforts and, in 2001, had success in a process optimization project. The process targeted for optimization accounts for more than 50% of our PFC emissions. We also installed PFC abatement systems at some of our smaller sites.

At an international level, Agilent supports efforts to strengthen the United Nations' resolve to keep all countries at the negotiating table in relation to the Kyoto Protocol. International economic uncertainty, volatile energy markets, and trade tensions have widened the gap among key countries. Nevertheless, the United States Council for International Business (USCIB), of which Agilent is a member, has reaffirmed its commitment to addressing global warming and has offered its assistance in working with the USA Government to fully engage the international community.

Ozone-depleting substances
Agilent fully supports the Montreal Protocol goals to protect the earth's ozone layer. We have eliminated use of chlorofluorocompounds (CFCs), carbon tetrachloride, and 1,1,1-trichloroethane in our manufacturing worldwide. We have also implemented procedures to prevent us from inadvertently reintroducing these ozone-depleting substances into our manufacturing processes. We have set a goal to eliminate CFCs from our heating, ventilation and air conditioning (HVAC) systems, process chillers, and environmental test chambers worldwide by January 2007. During 2001, we replaced five CFC facility 'chiller' systems* with systems which use more friendly hydrochlorofluorocompounds (HCFCs).

*A 'chiller' is the air cooling/conditioning system that supports large manufacturing systems. It is integral to the HVAC system.

Employee air travel
We recognize the negative impact of employee transportation on Agilent's overall effort to reduce CO2 emissions both now and in the future. In 2001, the total airline miles traveled by Agilent employees decreased (see data tables); however this was mainly due to cutbacks for financial reasons.

Did you know

To reflect our commitment to finding alternative means of transport, Agilent employees at our Santa Clara site, California, USA, participated in a Bike-to-Work Day in May 2001.

Air emissions reported to government worldwide

Metric tons	2000	2001
Total	45.05	16.31
Asia Pacific 1	22	12.20
Europe	2	0.00
USA	21.05	4.11

1 The reduction in emission in the Asia-Pacific region is attributed to reduced solvent usage and decreased production.

Regional breakdown
USA

Metric tons	2000	2001
San Francisco Bay Area	2	1.40
Colorado 2	0	0.28
East Coast 3	19	2.36
Northwest	0.05	0.07

2 Emissions in the Colorado region increased slightly due to a new semiconductor fabrication facility at Fort Collins.

3 The reduction in emissions for the East Coast region was due to the sale of the Healthcare Solutions Group at our Andover, Massachusetts site and to the reduced production at our facility in Rockaway, New Jersey.

The total amount of emissions are those that we must report under local government regulations; for example USA sites report Toxic Release Inventory (TRI) emissions.

Data represents manufacturing sites only.

Employee air travel mileage and CO2 emissions

2000	2001
475,667,200 miles	312,420,415 miles
111.0 kilotons CO2 4	72.9 kilotons CO2 4

4 The conversion factor used to calculate this data is 0.145kg CO2 per passenger kilometer. Our distance data is an amalgamation of short- and long- haul so the conversion factor used is an average of those recommended by the GHG Protocol Initiative.

Air emissions data is for calendar year 2001, except for Penang, Malaysia, which is for fiscal year 2001. Employee air travel data is for fiscal year.

Case study | Reducing smog-forming volatile organic compound emissions

At our San Jose site in California, USA, we implemented a project in 2000 and 2001 to reduce volatile organic compound (VOC) emissions. We are currently achieving 99% efficiency in VOC destruction in a highly concentrated, exhaust-air stream using a recently installed concentrator/oxidizer. This project has resulted in an annual reduction of VOC emissions of 1,900lbs.

Did you know

To reflect our commitment to finding alternative means of transport, Agilent employees at our Santa Clara site, California, USA, participated in Bike-to-Work Day as part of our Earth Day activities.

Waste management

"Proactive waste management makes good business sense. Working in partnership with our waste vendors, we strive for the best economic recycling and re-use options: if we can't do these on site, we find someone who can!"
Ian McIntosh, EHS Regional Manager, Europe

Our waste management priorities are to:
* Responsibly manage the use, handling and storage of chemical waste
* Reduce the amount of chemical waste generated from our manufacturing processes
* Responsibly manage the generation and disposal of solid waste, including scrap electronic equipment (see our work on product re-marketing).

During 2001, we met our objective to consolidate vendor services for chemical and electronic scrap waste for our USA operations. By the second quarter of FY2003, we aim to achieve a 5% reduction in chemical waste to landfill annually. In order to measure this, we are improving waste data management and reporting. Our goal is to track waste data globally and to report chemical waste streams and disposition methods. This will improve our ability to identify opportunities for landfill diversion, set clear targets and monitor our progress.

Working with suppliers to manage waste
Our Waste Management Program manages the environmental impacts of both our solid and chemical waste. The Waste Management Leadership Team serves as a center of expertise for waste management consulting, evaluating business needs, and aligning needs with necessary suppliers and technologies to ensure effective and environmentally responsible waste management.

Did you know

Eight Agilent sites in California, USA, received 2001 Waste Reduction Awards Program (WRAP) awards from the California Integrated Waste Management Board (CIWMB).

Waste data worldwide (metric tons)

	1999	2000	2001
Total waste produced	22800	22700	13500
Total waste landfilled	7620	10210	5050
Total chemical waste 1	1730	1090	840
Chemical waste treated	70	80	80
Chemical waste incinerated	770	230	180
Chemical waste landfilled	340	150	80
Chemical waste recycled	550	630	500
Total solid waste 2 3	21070	21600	12690
Solid waste incinerated	1710	1260	730
Solid waste landfilled	7280	10060	4970
Solid waste recycled	12080	10280	6990

1 Chemical waste refers to those chemical materials and hazardous wastes that are shipped offsite for treatment, recycling, incineration, landfill or other disposal. This does not include the weight of chemical wastes that are treated onsite. The legal definition of chemical/hazardous waste varies in each country.

2 Solid waste includes waste materials that are generated as part of site operations such as garbage/rubbish, paper, cardboard, glass, metals, plastics, computers, furniture and construction debris. It does not include landscape debris or grass cuttings, which are recycled as much as possible.

3 The 2001 decrease in total solid waste was in large part due to the decrease in construction waste produced as construction projects in Penang, Malaysia and Loveland, Colorado, USA were completed.

Regional breakdown

(see where we are)

Asia Pacific (metric tons)

	1999	2000	2001
Total waste produced	3233	6791	3413
Total waste landfilled	1233	4450	1427
Chemical waste treated	40	34	25
Chemical waste incinerated	87	86	61
Chemical waste landfilled	4	14	13
Chemical waste recycled	98	90	57
Solid waste incinerated	413	420	364
Solid waste landfilled	1229	4436	1414
Solid waste recycled	1362	1712	1479

Europe (metric tons)

	1999	2000	2001
Total waste produced	6535	2504	2107
Total waste landfilled	759	813	572
Chemical waste treated	5	7	29
Chemical waste incinerated	25	25	23
Chemical waste landfilled	5	12	3
Chemical waste recycled	22	13	8
Solid waste incinerated	350	59	194
Solid waste landfilled	754	801	569
Solid waste recycled	5374	1587	1281

USA (metric tons)

	1999	2000	2001
Total waste produced	13031	13406	8003
Total waste landfilled	5626	4952	3046
Chemical waste treated	26	42	24
Chemical waste incinerated	660	118	99
Chemical waste landfilled	334	126	63
Chemical waste recycled	427	530	436
Solid waste incinerated	950	783	172
Solid waste landfilled	5292	4826	2983
Solid waste recycled	5342	6981	4226

USA breakdown
San Francisco Bay Area (metric tons)

	1999	2000	2001
Total waste produced	5098	3387	2408
Total waste landfilled	2852	1662	1035
Chemical waste treated	15	32	13
Chemical waste incinerated	585	36	40
Chemical waste landfilled	324	117	47
Chemical waste recycled	189	167	162
Solid waste incinerated	0	8	0
Solid waste landfilled	2528	1545	988
Solid waste recycled	1457	1482	1158

Colorado (metric tons)

	1999	2000	2001
Total waste produced	2136	4128	2091
Total waste landfilled	634	2010	1051
Chemical waste treated	7	6	0
Chemical waste incinerated	49	44	28
Chemical waste landfilled	0	0	0
Chemical waste recycled	17	30	29
Solid waste incinerated	3	2	0
Solid waste landfilled	634	2010	1051
Solid waste recycled	1426	2036	983

East Coast (metric tons)

	1999	2000	2001
Total waste produced	2992	2842	1033
Total waste landfilled	1435	360	356
Chemical waste treated	2	1	0
Chemical waste incinerated	8	17	16
Chemical waste landfilled	3	3	1
Chemical waste recycled	58	76	64
Solid waste incinerated	642	688	12
Solid waste landfilled	1432	357	355
Solid waste recycled 4	847	1700	585

4 The 2001 reduction in solid waste recycled in the East Coast region was due to a decrease in production, the sale of our Healthcare Solutions Group in Andover, Massachusetts and the completion of construction projects that created large amounts of waste during 2000.

Northwest (metric tons)

	1999	2000	2001
Total waste produced	2806	3051	2471
Total waste landfilled	705	919	604
Chemical waste treated	2	3	11
Chemical waste incinerated	18	22	15
Chemical waste landfilled 5	7	6	15
Chemical waste recycled	163	258	181
Solid waste incinerated	306	86	160
Solid waste landfilled	698	913	589
Solid waste recycled	1612	1763	1500

5 The 2001 increase in chemical waste landfilled in the Northwest was from a decommissioned etching process for which the only feasible disposal method was landfill.

Asia Pacific - individual sites (metric tons)

2001	Hachioji Japan	Kobe Japan	Shanghai China	Penang Malaysia	Singapore	Australia	Totals
Chemical waste treated	0.0	0.0	0.0	0.0	25.1	0.0	25.1
Chemical waste incinerated	0.1	0.0	0.0	0.0	60.9	0.0	61.0
Chemical waste landfilled	0.0	0.3	0.0	0.0	12.8	0.0	13.1
Chemical waste recycled	3.0	0.0	0.0	47.2	6.7	25 liters	56.9
Solid waste incinerated	117.0	17.0	0.0	0.0	229.9	0.0	363.9
Solid waste landfilled	0.8	13.0	10.0	1300.0	89.9	$1235m^3$	1413.7
Solid waste recycled	630.0	116.7	0.0	520.0	212	$212m^3$	1478.7

*Totals do not include Australian data since they are in other units.

Europe - individual sites (metric tons)

2001	Boeblingen Germany	Waldbronn Germany	Ipswich UK	South Queensferry UK	Turin Italy	Totals
Chemical waste treated	1.8	5.7	21.4	0.0	0.0	28.9
Chemical waste incinerated	0.9	2.9	16.2	1.3	1.5	22.8
Chemical waste landfilled	0.0	0.0	2.6	0.0	0.0	2.6
Chemical waste recycled	1.8	5.7	0.4	0.2	0.0	8.1
Solid waste incinerated	149.0	45.0	0.0	0.0	0.0	194.0
Solid waste landfilled	0.0	0.0	200.8	352.0	16.0	568.8
Solid waste recycled	707.0	243.0	58.6	272.0	$38m^3$	*1280.6

*Totals for solid waste recycled does not include Turin, Italy which was measured in different units.

USA - individual sites

San Francisco Bay Area (metric tons)

2001	Bay Area SPG	Roseville/ Folsom	California Ave bldg 17	Santa Clara	Labs - Palo Alto	Totals
Chemical waste treated	0.0	0.0	0.0	0.8	12.6	13.4
Chemical waste incinerated	9.0	0.0	0.3	23.6	6.7	39.6
Chemical waste landfilled	34.0	0.0	0.1	7.6	5.7	47.4
Chemical waste recycled	104.0	0.0	4.5	34.9	18.6	162.0
Solid waste incinerated	0.0	0.0	0.0	0.0	0.0	0.0
Solid waste landfilled	500.0	121.6	48.6	207.5	110.1	987.8
Solid waste recycled	414.0	340.9	74.0	266.4	62.6	1157.9

Colorado (metric tons)

2001	Colorado Springs	Loveland	Ft. Collins	Totals
Chemical waste treated	0.0	0.0	0.0	0.0
Chemical waste incinerated	5.1	2.3	21.0	28.4
Chemical waste landfilled	0.0	0.0	0.2	0.2
Chemical waste recycled	2.9	13.9	11.8	28.6
Solid waste incinerated	0.0	0.0	0.0	0.0
Solid waste landfilled	229.5	595.1	225.9	1050.5
Solid waste recycled	292.1	484.4	206.8	983.3

East Coast (metric tons)

2001	Wilmington, DE	New Jersey	Totals
Chemical waste treated	0.0	0.0	0.0
Chemical waste incinerated	15.5	0.5	16
Chemical waste landfilled	0.5	0.4	0.9
Chemical waste recycled	62.3	1.5	63.8
Solid waste incinerated	0.0	11.8	11.8
Solid waste landfilled	213.1	141.5	354.6
Solid waste recycled	372.3	212.5	584.8

Northwest (metric tons)

2001	Lake Stevens WA	Spokane WA	Sonoma County, CA	Totals
Chemical waste treated	0.0	2.1	9.1	11.2
Chemical waste incinerated	0.4	1.5	13.3	15.2
Chemical waste landfilled	0.0	0.0	14.7	14.7
Chemical waste recycled	0.1	2.8	178.3	181.2
Solid waste incinerated	0.0	159.5	0.0	159.5
Solid waste landfilled	36.0	0.0	553.4	589.4
Solid waste recycled	68.0	128.4	1303.2	1499.6

Integrated data

	2000	2001
Total waste/net revenue (metric ton/100 million US$) 6	210.71	160.79
Total chemical waste/net revenue (metric ton/100 million US$)	10.12	10.00
Total solid waste/net revenue (metric ton/100 million US$)	200.50	151.14

6 There was a substantial and positive reduction in waste to revenue figures from 2000 to 2001. This was due to a decrease in production across Agilent and the completion of waste producing construction projects.

Data represents manufacturing sites only.

All 2001 data is for calendar year, except for Penang, Malaysia, which is for fiscal year 2001.
Some of our operations are located on properties that are known to have subsurface contamination that is undergoing remediation by the Hewlett-Packard Company. Hewlett-Packard (HP) has agreed to retain the liability for the contamination, perform the required remediation and indemnify us with respect to claims arising out of the contamination. Under our agreement with HP, HP will have access to these properties to perform the remediation.

Case study | Reducing waste and the use of water and energy in semiconductor manufacturing

From personal computers to cellular phones to microwave ovens, many common consumer products could not function without integrated circuits. Unfortunately, the manufacturing of integrated circuits, like other commodities, currently requires considerable energy and water consumption, as well as waste generation. Agilent participates in efforts to develop new options that are more environmentally responsible.

We have worked in partnership with Los Alamos National Laboratories (and GT Equipment, Inc/SC Fluids) to develop the Supercritical Carbon Dioxide (CO2) Resist Remover (SCORR). The SCORR significantly reduces the amount of water used in the manufacturing process and replaces the use of chemical substances with CO2. The technology offers a win-win situation, by reducing both impact on the environment and manufacturing costs.

The SCORR uses supercritical carbon dioxide, combined with a small amount of co-solvent, to remove photoresists used in the manufacture of integrated circuits. The process relies on CO2 because it has very low viscosity and tunable solvent properties. It's also non-combustible, naturally occurring and readily available. The only residual waste produced using this technology is the removed concentrated resist.

The work on the SCORR received a 2001 R&D 100 Award from *R&D Magazine*. The first production system, built by SC Fluids, is now in the alpha stage of development.

Products and services

"Including product development in the EHSMS provides a tremendous framework within which to demonstrate continual improvement in our product environmental performance. It establishes a solid foundation for assessing our performance company-wide and for focusing on those areas that have the biggest impact overall."
Renee Olson, Product Stewardship Manager

We met our key 2001 objective in this area, which was to formalize Agilent's Design for Environment (DfE) guidelines as part of our Environmental, Health and Safety Management System (EHSMS) and ISO 14001 registration. The DfE guidelines are available internally as a tool for addressing environmental issues as part of product design.

Our product-related environmental strategies include taking responsibility for managing the environmental impacts of our products throughout their lifecycle. This includes the manufacture, distribution, use, obsolescence, recovery and reuse or responsible disposal of the product and its components and related support products. Our Product Stewardship Leadership Team convened quarterly during 2001 to discuss these issues.

Our objective for 2002 is to conduct an environmental lifecycle analysis (LCA) of a typical Agilent product to understand more about the environmental impacts at each stage of our products' lifecycles.

Case study | The case for eliminating lead

"The move to eliminate lead from electronic solder involves a number of very complex issues. We need to consider the various environmental impacts of this change, and to work with our customers, product lines and other industry partners to find practical solutions." Karl Tiefert, Semi conductor Products Group Stewardship Manager

For several years, Agilent has worked in partnership with others* to investigate the elimination of lead from the manufacturing processes of printed circuit assemblies. Although not proven in scientific studies, there is concern about the release of lead-containing solders into the environment at the end of a product's life. So far, however, neither Agilent, the industry nor governments have been able to identify definitive solutions to replace leaded solder. We have identified means of eliminating lead from our electronic components, but encounter significant difficulties in making components that contain clear casting epoxies (light-emitting diodes (LEDs), LED Displays, Fiberoptic and Imaging-electronic

components) compatible with lead-free soldering conditions (approximately 40°C higher solder re-flow temperature).

All of our scientific equipment is exempt from the European Union Restriction of Hazardous Substances (RoHS) Directive. This exemption is extended to Semiconductor Products Group (SPG) components that go into products that are exempted (for example servers, storage and storage array systems, voice and data transmission, and networking equipment). SPG is leading our effort to identify solutions and re-qualify our product lines to meet the requirements of our customers for high-temperature lead-free soldering.

We are also designing test and measurement equipment to enable our customers to test their own lead-free products. Agilent's 5DX Automated X-ray Inspection system continues to handle lead-free solder alloys through simple programming changes rather than expensive equipment modifications.

Agilent is investigating the case for lead-free solder while recognizing that some questions still remain. Factors we need to consider include: the lack of an environmental risk assessment of replacing traditional tin-lead with tin-silver-copper solder; material compatibility problems; the need to label the boards for alloy type identification and to ensure that the solder type is correctly identified when repairing boards; the higher energy consumption; and the associated cost increase. We continue to promote the need for appropriate investigations through consortia to ensure industry selects replacement alloys that provide a net benefit to the environment.

*Agilent is a member of the following consortia, all of which are working actively to eliminate lead from manufacturing processes: High Density Packaging User Group (HDPUG), National Electronics Manufacturing Initiative (NEMI), American Electronics Association (AEA), Electronic Industries Alliance (EIA), European Information Communications and Consumer Electronics Technology Association (EICTA).

Suppliers

"Our supply chain environmental management (SCEM) program embodies the commitments we make to our customers. It's a framework for ensuring that we make a positive contribution to the sustainability of business worldwide."
Peter Dodge, SCEM Program Manager

In 2001, we met our internal goals in this area. Most significantly, the environmental scores our suppliers have achieved in our semi-annual assessments were sustained or improved. An external benchmarking survey that we conducted as part of our 2001 program evaluation revealed that our SCEM program is among the top quartile of those surveyed in terms of system maturity.

While Agilent's SCEM program does not directly manage suppliers or administer their contracts, we use it to provide procurement teams with strategies for supply chain environmental management and to support their implementation. The program is accountable to manufacturing management.

As a significant global purchaser, we continue to use our influence in the supply chain to promote sustainability. Our objectives for 2002 are to:

* Conduct a supply chain EHS risk assessment
* Redesign our supplier environmental criteria for easier use
* Identify environmental goals for selected commodity teams
* Create a website that gives our suppliers easy access to information about our environmental expectations and programs.

Land-Use/Biodiversity

"I am proud to work at Agilent, where volunteer efforts related to biodiversity are supported. These activities benefit our community and the environment in which we live and work."
Barrie Simpson, EHS Regional Manager, Northwest USA

Agilent has sites around the world that function as part of the ecosystem. While we do not currently have company-wide land-use/biodiversity objectives, we do, wherever possible, take steps to protect or enhance the flora and fauna that share our premises. This is often through the voluntary efforts of Agilent employees.

We continue to support the Adopt-a-Creek Program. Under the program, employees from our site in San Jose, California, USA, clean out a large section of the Guadalupe Creek each year.

Four years ago at our Sonoma County site in California, USA, we instituted a program of sustainable landscape. Today, this is showing measurable results and Agilent's contractor will be winning an award as a result of its work (see the case study about Sustainable landscape management).

Case study | Wildlife Garden Project at South Queensferry

The Wildlife Garden we created at our site in South Queensferry, Scotland, continues to thrive. The three main aims of the Wildlife Garden are to:

* Give something back to the area ecologically
* Give staff a stress-free area in which to relax
* Give local schoolchildren the opportunity to learn in an outdoor classroom.

The garden is now almost self-sustaining and over 100 primary-school children have attended over the past three years, performing interesting and varied tasks while learning about other living creatures, their homes and habitats. Tasks have evolved to include treasure hunts, pond-dipping, mini-beast discovery and tree/plant studies. The garden was a finalist in the 'Beautiful Scotland in Bloom Awards' for businesses.

Case study | Sustainable landscape management

At our Sonoma County sites in California, USA, we instated a sustainable landscape program in 1996. From 1996 to 2001 we achieved the following results:

* Planting more than 153,000 non-irrigated native trees
* Deploying almost 11,000 ft2 of native butterfly garden space
* Removing almost 200 non-native eucalyptus trees
* Deploying organic pest management
* Replacing numerous non-native ground cover plants with native species.

Economic performance highlights

Noteworthy economic achievements for 2001 include the following:

* Agilent was listed on the Dow Jones Sustainability World Index and the FTSE4Good Global and US 100 (Financial Times Stock Exchange) Indexes, which both track sustainability-driven companies selected according to strict criteria.
* Our sustained investment in research and development demonstrates our long-term perspective. You can find out more about this in our investor relations information.

Economic performance objectives and strategy

"In today's challenging marketplace we're working hard to build a high-performance company for the long term. "
Adrian Dillon, Chief Financial Officer

During 2001, Agilent's economic performance was affected by the severe global economic downturn. Wage-, expense- and workforce-reduction programs were instituted in order to restore the company to profitability as soon as possible.

- You can get up-to-date financial information on our investor relations

Economic performance data tables

US $ million company-wide	1999	2000	2001
Net revenue	8,331	10,773	8,396
Earnings from operations	741	1,053	-206
Net earnings	512	757	-126

Economic performance case studies

Case study | Delivering shareholder value through sustainability

Dow Jones Sustainability World Index
In 2001, Agilent was chosen for the Dow Jones Sustainability World Index (DJSI World). We were one of 312 companies selected for this honor from a comprehensive assessment of the 2,500 largest companies in the Dow Jones Global Index.

DJSI World is the world's first global index to track the performance of the leading sustainability-driven companies worldwide. Companies are assessed using 30 criteria relating to economic, environmental and social performance. The companies selected reflect industry-wide best practice in the areas of strategy, innovation, governance, shareholders, employees and other stakeholders.

DJSI World indicates that the concept of sustainability is very attractive to investors. It is aligned with increasing long-term shareholder value and indicates enlightened and disciplined management. For Agilent, it is recognition that integrating economic, environmental and social success factors into business strategy is good management and can relate directly to competitive advantage.

Portfolio 21

Agilent is a component of Portfolio 21, a socially responsible mutual fund. Portfolio 21 invests in companies that have taken positive steps toward incorporating environmental sustainability into their business strategies and activities. This global fund uses environmental sustainability as the primary criteria when selecting companies, recognizing that long-term business success depends on the ability to understand and implement a business model that is based on sustainability.

Social performance highlights

Noteworthy social achievements for 2001 include the following:

* Our Supplier Diversification program achieved wide recognition as a trail-blazing initiative. This included winning prestigious 'Corporation of the Year' awards from both the Northern California and the Rocky Mountain Supplier Development Councils
* Our work in the community included our highly successful Agilent AfterSchool program, which provided hands-on science experiences for 28,000 children worldwide with the help of more than 500 Agilent employees
* Thousands of our employees continued to serve our communities as volunteers through our Agilent Action community program
* Agilent continued to be featured in a variety of 'best places to work' lists across the world
* Awards for social performance included an International Association of Business Communicators Gold Quill Award of Excellence for our Agilent Action community- involvement program, a Clara Barton Society Award from the Sonoma County, California chapter of the Red Cross in recognition of community service, two Ministry of Manpower Silver awards in Singapore in recognition of our employee safety standards, a USA Today award for health-and-human service support in the Sacramento, California area, and three community-service awards in Colorado, USA
* We received a number of awards for our employee diversity and inclusion initiative.

Employee care & benefits

"With diversity comes richness of knowledge, backgrounds and talent, leading to greater creativity. At Agilent we recognize that diversity and inclusion are key elements for meeting our business goals."
Aida Sabo, Director, Global Diversity and Inclusion

Agilent's goal is to be recognized worldwide as an employer of choice. We strive to offer employees challenging work with unique problem-solving opportunities, dynamic leaders and talented colleagues. Agilent is committed to providing an exciting work environment of innovation, empowerment and supported risk taking. Another core strategy is to provide performance-based rewards that recognize top talent and results, provide flexibility, and enable ownership in the company.

We encourage our employees to reach their full potential and we offer a broad range of programs and activities that help employees manage commitments in their work and personal life. These include:

* **Flexible work arrangements**. More than 15% of Agilent employees use alternatives to traditional Monday-through-Friday work arrangements. These include part-time, telecommuting, job-shares and variable work schedules.
* **Flexible time-off practices**. Our Flexible Time Off (FTO) program enables employees to use paid time off in daily, half-day or even hourly increments.
* **Reinventing work**. This program helps work teams examine work processes with a work-life focus. It provides a framework for managers and employees to address job demands and work-pressure issues.
* **Dependent care resource and referral**. We provide a variety of resource and referral services for employees who have responsibilities to care for children, elders, people with disabilities and others.
* **Working-parent network**. We support a variety of working-parent networks in which employees share resources, tools and other services.

Employee opinions matter at Agilent

The be Agilent Employee Survey engages employees in the process of shaping our organization. It provides a periodic pulse of employee opinion about issues that are critical to both the culture and business performance of Agilent. Each quarter, we invite a sample of employees, representatives of each business group and the company as a whole, to participate in the survey. The results provide senior executives with an assessment of the development of Agilent, at an overall, business group, and job function level.

Surveys in 2001 have indicated that 80% of our employees feel a sense of accomplishment, believe their work is worthwhile, believe their co-workers do excellent work, perceive they have opportunities for development and believe that their supervisor develops their abilities. Agilent management recognizes that this culture cannot be taken for granted and that communication is key. As a result, Agilent management took focused actions to improve communication in specific groups whose communication scores were below the company average.

An employer of choice

Agilent enjoys worldwide recognition as an employer of choice. During 2001, we were acknowledged on a number of 'best employers' lists. Here are a few highlights:

* Agilent Singapore and Malaysia were named the number one best place to work on the inaugural list of 'Best Employers in Asia' in a study conducted by Hewitt Associates and Dow Jones publications, *The Asian Wall Street Journal* and *Far Eastern Economic Review*.
* Agilent Taiwan ranked first in three of four categories in a just-published 2001 People Asset Index survey conducted by *Common Wealth* magazine and Aspire Academy. The Index seeks to evaluate how successfully industrial corporations implement their people-related business policies in four survey-defined categories.
* Agilent was selected as one of the 'Best Places to Work in the Silicon Valley'. The list was based on employee survey results conducted by the authors at *San Jose Magazine* and responses to a survey questionnaire that companies submitted.
* Agilent has been selected as one of the 500 finalists in the 'Employers of Choice 500', which ranks today's U.S. employers from the candidate's perspective.
* Competing against an initial sample of 10,000 companies, Agilent ranked number two in Cahners Electronics Group's new supplement '*Electronics Industry's Movers and Shakers of 2001*', which seeks out companies that 'set the standard in best practices for retaining employees'.
* Agilent ranked number eight overall and first among test and measurement companies in a survey about the best place to work in France's high-tech sector. The survey was conducted for engineers and covered 65 high-tech companies across the spectrum. The survey was sponsored and published by *Electronique International Hebdo*.
* Agilent has been named the 13th best place to work in the United Kingdom in a *Sunday Times* newspaper survey. The survey covered more than 200 companies from all sectors of British industry and invited over 1,000 companies to participate in the first annual listing.
* Agilent ranked number 46 on *Fortune* magazine's list of the 100 Best Companies to Work for in America, in their January 2001 edition. Over 1,000 companies took part in the survey.

Agilent also received a number of 'Best Employer' awards specifically related to diversity and inclusion.

Workforce Management Program
Unfortunately, the economic downturn in 2001 led Agilent to institute a workforce management program to reduce the employee base by 8,000 by the middle of 2002. (This reduction is a separate action from the 6,000 employees who were transferred to Royal Philips Electronics with the sale of our Healthcare Solutions Group in mid-2001.) In an effort to minimize the number of jobs eliminated, Agilent also implemented temporary company-wide salary reductions.

The workforce management program assists impacted employees by providing temporary income replacement and help with external job search and transition.

Throughout this difficult time, Agilent's priority is to treat employees with dignity and respect.

Wages and benefits
Agilent's total compensation package includes competitive pay and opportunities for bonuses, medical and dental benefits, pension and retirement programs, as well as services such as employee assistance counseling, employee discounts and length-of-service awards. In countries where it is possible, employees are eligible to purchase Agilent stock at a discount. To ensure competitive pay, Agilent participates in local and global salary surveys. We target companies with similar values, positive work environment, market growth and global operations. This global strategy applies to all jobs at all locations including professional, hourly labor, engineers and management. Our base salaries are positioned above the median of premium high-tech firms. We award stock options to employees at all levels in recognition of special achievements.

Training and development
We recognize that continuous, life-long learning is a business advantage and a personal advantage to our employees. In 2001, Agilent spent more than US$13 million on employee training.

We offer core training to orient employees and managers to Agilent's values and practices. In addition, a variety of training options are available to strengthen our employees' skill sets. Our commitment to learning is evident through our tuition reimbursement policy and distance learning degree programs in association with key universities. The Internet plays an increasingly important role in enabling employees to access the training they need, when they need it. In 2001, we continued to introduce more online educational tools.

Global diversity and inclusion

Our need for workforce diversity and inclusion stems from our desire to embrace diverse perspectives and talents to drive innovation throughout our company.

Our global diversity director and executive staff are committed to diversity and inclusion as key drivers for reaching Agilent's goals. We therefore aim to hire more people from under-represented groups and to build an inclusive environment that develops, advances and retains diverse leaders. Our diversity and inclusion program - called 'Diversity Made Real' - brings together a series of initiatives that have helped us move from awareness to action. These include:

* Integration of diversity and inclusion into company values and management practices
* Management leadership
* Global training programs
* Employee participation
* Branding, outreach and philanthropy
* Staffing and recruitment.

In 2001, Agilent received five highly regarded diversity and inclusion awards:

* In the California Governor's 2001 awards for outstanding achievements in programs for the disabled, Agilent received the 'Employer of the Year' award for commitment to promoting a diverse and inclusive workplace and our Diversity Made Real initiative. In addition, Patty O'Sullivan, Agilent's Diversity and Work/Life Program Manager received the highest honor ever given to a person with a disability - the Governor's Trophy - in acknowledgement of her outstanding achievements in supporting and initiating programs for the disabled
* Agilent received two 'Employer of the Year' awards in Australia. Agilent ranked within the top 2% in the 'Employers of Choice for Women' awards presented by The Equal Opportunity in the Workplace Agency (EOWA), a government body that administers the Equal Opportunity Workplace Act. In addition, Agilent was one of the five winning companies in the prestigious 'Diversity Leader for the Advancement of Women' category
* In the USA Agilent received a record number of awards distinguishing 12 Agilent 'Women Who Make A Difference'. This award, presented by Career Communications Group, host of the Women of Color in Technology Conference and publisher of *Hispanic Engineer* and *US Black Engineer IT*, applauded these women for having 'a good mind, a stout heart and strong determination to succeed'.

Security
Our Global Security Services provides a risk-rating exposure tool that evaluates the threats and vulnerabilities of security exposures to our human, physical, and information assets at manufacturing and office sites worldwide. In addition, Agilent Security provides policies, procedures and guidelines protecting those same assets.

We have had a travel security and safety information program in place for a number of years. This program provides Agilent travelers with advice about local and international travel.

We also have a program that provides pre-travel health advice and medical and emergency assistance for Agilent business travelers and employees on international assignments.

Employee care & benefits

Employee numbers (as of October 31 in each year):

	2000	2001
Total	47,000	41,400
Americas	25,900	21,700
Europe/Middle East/Africa	8,200	7,500
Asia Pacific	12,900	12,200

Gender	2000	2001
Total male/female percentages (global)	63%/37%	60%/40%
Male/female percentages in management (global)	76%/24%	73%/27%

Products & services

"Our chemical analysis products are used in a wide range of industries, from developing cleaner fuels and improving chemical process efficiencies to monitoring the safety of food and water supplies. It is very rewarding to be part of a team that develops solutions that enable us to enjoy a safer and cleaner environment."
Roger Brown, Chemical Analysis Solution R&D Manager

Agilent's talent for discovery and generating new ideas keeps us at the forefront of human advancement. Our mission is to use our strengths in creativity, innovation and problem solving to provide products and services that help to improve the quality of life. We also invest in sharing best practices and ideas across our markets.

Case study | Sharing knowledge across the food industry

In May, Agilent toured Asia with a free seminar entitled 'New Analytical Methods and Technologies for Food and Agricultural Analysis'. The seminar featured two renowned speakers: Chuck Stafford, manager of the USA EPA Pesticide Analysis Regulation and Registration Program Office and Stuart Cram, worldwide business development manager at Agilent. Both speakers traveled to seven countries covering topics on food, soil, water and agriculture methods and analysis, and the role of government agencies. The speakers also discussed the applications of pesticides, herbicides, fungicides and sulfonyl that will benefit chemists in industry, research institutes, government, universities, monitoring stations and independent testing labs.

Case study | Ecology of design

Agilent's Bioanalyzer 2100, produced by the Chemical Analysis Group in Waldbronn, Germany, received an international award for its superior industrial design from the Industry Forum (iF) Design Hanover. The innovative Bioanalyzer 2100 with its LabChip® technology was developed in collaboration with Caliper Technologies. The product was recognized for its ability to reduce the liquid chemical sample size to a millionth of a liter. Consequently, both the user and the environment are less exposed to hazardous materials.

The iF award is dedicated to promoting excellence in industrial design and puts particular emphasis on the ecological aspects of a product. To date, five Agilent products from the Waldbronn Division have received an iF industrial design prize and two received an additional ecology award in the past.

More than 700 companies from 30 countries entered 1,320 products in 15 categories in this year's iF Design Award competition. Winning products were showcased at the iF Design Exhibition site (which receives some 280,000 visitors a year) in Hanover, Germany for most of 2001.

Suppliers

"With diversity comes richness of knowledge, backgrounds and talent, leading to greater creativity. At Agilent we recognize that diversity and inclusion are key elements for meeting our business goals."
Darlene Jones, Director, Supplier Diversification

As our industry becomes increasingly global and multicultural, we must continue to embrace supplier diversity. We recognize that we have a responsibility to work with suppliers who are representative of the communities and customers we serve.

During 2001, with our Supplier Diversification process, we established new relationships and nutured existing relationships with large and small, minority, women, disabled-veteran and veteran-owned business entrepreneurs (MWDVBE).

Our target for 2001 was that the small MWDVBE's should account for 8% of our purchases within the USA. Our result was that all MWDVBE's accounted for 9.8% of our purchases and small MWDVBE's accounted for 4.5%. While we did not achieve our internal target for small MWDVBE's, we made progress and we have clear objectives and strategies for measuring and improving our performance in supplier diversity.

Case study | Targeting talented and diverse suppliers

Agilent's supplier diversity efforts have set a precedent among our customers. We established new and innovative processes during 2001, including the 20/20 program. The purpose of the 20/20 program is to target up to 20 talented minority, women, disabled-veteran and veteran-owned business entrepreneurs (MWDVBE) suppliers with high levels of service by rewarding them with an opportunity for 20% or more growth over the course of the year. Through this program we successfully helped suppliers of paper, office supplies, customized promotional products and employee recognition to grow their businesses.

In addition, we set up the Supplier Diversification Global Steering Council in order to champion and support the growth and development of MWDVBEs across Agilent's business sectors.

On June 4, 2001, we reinforced our commitment to supplier diversity by participating in and signing the SUPERCOMM 2001 Supplier Diversity Challenge. This trade show brings together telecommunications service providers and equipment manufacturing executives to discuss supplier diversity initiatives and partnering with MWDVBE organizations.

Did you Know

Agilent won prestigious 'Corporation of the Year' awards from affiliate councils of the National Minority Supplier Development Council - the Northern California Supplier Development Council, in March 2001, and the Rocky Mountain Supplier Development Council, in August 2001, for our work in establishing a world-class supplier diversification process.

Employee health & safety

"Perhaps now more than ever, we're mindful of the imperative to look after the health and safety of all our employees worldwide. While our injury/illness rates have declined, we're placing particular emphasis on strategies that will reduce ergonomic risks and keep our employees safe while traveling."
Vince Suchoski, Global Occupational Health and Safety Manager

Agilent's occupational health and safety (OHS) program is an industry leader, evidenced this year by the continual decline in our injury/illness rates. These remain an important indicator of employee safety worldwide.

During FY2001, our global injury/illness rate declined by 23%, from 1.7 to 1.3 injuries/illnesses per 100 full-time workers. We attribute some of this reduction to an improvement in the accuracy of our employee work-hour data.

In addition, we saw a decrease in both lost and restricted work-day cases, as well as a significant decrease in the lost-day severity rate, attributed primarily to our focus on and early intervention given to ergonomic-related injuries.

Ergonomic injury continues to be a significant proportion of the total number of injuries. During FY2001, our global total of office and manufacturing injuries were 69% ergonomic versus 31% non-ergonomic. Consequently, we are establishing performance targets for ergonomic risk reduction. To achieve our targets, we will:

* Develop and implement a consistent global ergonomics program
* Improve and track leading performance metrics
* Complete the deployment of a global office furniture program.

2001	
Total reportable cases	610
Global injury/illness rate	1.3
Global lost work-day case rate 1	4.5 (compared to 9.1 for FY2000)

2001

Of the 610 reportable cases:	
ergonomic (cumulative trauma, over-exertion)	69%
contusions, bruises, crushes	11%
slips, trips, falls	9.7%
chemical contact	4.3%
abrasions	1.8%
other	4.2 %

Data is for the FY2001 and includes external temporary workers

1 Lost work-day case rate
The lost work-day case rate provides information about the frequency of more serious occupational injuries/illnesses. The rate is based on the number of injuries, illnesses, or lost work days related to a common exposure base of 100 full-time workers.

Case study | Awarding safety in Singapore

Agilent Singapore received two Silver awards from the Ministry of Manpower for good safety performance and a good safety management system in its major manufacturing operations: Singapore Communications Operation, including the wafer fabs, and Hardcopy Electronic Operations.

Both operations had to pass assessments by a panel of judges. They assessed safety performance on two factors: accident-free performance and implementation of its safety management system. Officials from the Ministry of Manpower also carried out site visits to ascertain the standard of safety in the workplace.

Case study | Improving the health of employees in Japan

In accordance with Japanese labor laws, all employees must have a health examination once each year. The results of these tests indicated that many middle-aged and older employees showed symptoms of life-style related diseases such as obesity and liver dysfunction. Agilent's employee healthcare center developed a Proactive Health Promotion Program, the components of which were:

* A 12-week exercise program
* Guidance on nutrition
* A healthy 'wellness lunch' served in the cafeteria
* A website giving lifestyle- and disease-related information. Initial results were a reduction in abnormal results from the annual health examinations from 33.1% to 30.6%.

Case study | Back to zero

At one Agilent location, the ergonomics team investigated risks to the health of employees' backs in the workplace. They found that employees were loading boxes onto pallets on the ground and therefore increasing these risks. The team found a solution, which involved installing 'pallet lifters' for seven product lines at a cost of US$50,000. Within six months, the ergonomics team evaluated the effectiveness of the pallet lifters and found that the number of ergonomic back-related issues had been reduced significantly.

Community involvement

Agilent aims to be a powerful economic, intellectual and social asset to each nation and community in which we do business. Through corporate and individual participation, we aspire to make each of those communities a better place to live and work.

Known collectively as 'Agilent Action', our community involvement programs are focused on promoting healthy communities and improving student achievement in science education, especially for females and other populations under-represented in the technology industry. This year, we received an International Association of Business Communicators Gold Quill Award of Excellence for our work on Agilent Action.

Employees can use one hour per week, or up to four hours per month, of paid time off (with managers' approval) to volunteer for Agilent-sponsored or supported activities. This year, thousands of our employees contributed their time and energy to help address a variety of community issues around the world. In recognition of the importance of the environment as part of citizenship, we have specifically included environmental activities in our volunteering guidelines.

Case study | Life after school

We expanded the Agilent AfterSchool hands-on science program, which has reached 28,000 students worldwide in more than 15 countries and benefited from the volunteer support of more than 500 Agilent employees. In the UK, more than 630 children are participating. In France, Agilent launched the program with a student and teacher visit to Agilent's French Calibration and Metrology Laboratory. In Germany, schools and parents particularly liked the program as it teaches children so much about scientific principles and at the same time complements the academic curriculum with its practical approach.

Two Agilent sites in Japan (Hachioji and Kobe) recently hosted science events that attracted a total of 360 children and their families. Focused mainly on summer fun with a chance to see Agilent's sophisticated facilities, the get-togethers exposed the children to the world of science and engineering through hands-on experiments. Two major volunteer groups, who support a stronger science and engineering focus in the Japanese educational system, assisted at the events alongside 40 Agilent employees. This program has now been introduced at numerous other Agilent locations around the world.

Case study | BeHelpers at a children's village

In South Korea, one of our employee volunteer teams, called 'beHelpers', has provided a monthly volunteer service to an orphanage called 'Seoul SOS children's village' since July 2000. This team launched an Agilent Action week event in the village with more than 30 employee volunteers and formed a Science and Culture Club for 14 children in the village. Every month, the helpers ran science programs like Agilent AfterSchool using hands-on science kits, visiting Korea science facilities, broadcasting stations, musical events, movies and sporting events. In October 2001, Korean professional soccer star Byung Ji Kim even joined the program.

Two particularly successful events were the Charity Bazaar and the Christmas party. In December 2000, beHelpers won a good voluntary photo award from the seventh Nationwide Voluntary Festival organized by JoonangIlbo and the IYV2001 Korea committee.

Case study | Offering Indian tribes people routes to better health

In Palghar taluka ('taluka' is an administrative unit) of Thane District in Maharashtra state, India, malnutrition, domestic violence, female illiteracy, skin infections and disorders and respiratory problems have become a part of ordinary people's lives.

Supported by Agilent philanthropy funds of US$63,000 awarded in 2000, the launch of a mobile Mother and Child Healthcare project, in January 2001, provided timely intervention to some of these problems. This project was initiated by a US-based non-profit organization, the Share and Care Foundation, in collaboration with an Indian charity foundation, the Dr ML Dhawale Memorial Trust.

The project provides services to the mainly tribal population of Palghar taluka, specifically women and children from 17 villages, covering about 40,000 people. Initiatives focus on educational, preventative and curative aspects of women's and children's health. They include mobile health and nutrition services, ongoing training for community and healthcare workers, health camps and exhibitions on specific disease conditions, and a small cottage hospital.

Between January and June 2001, at least 5,000 people benefited from the project, 45% of whom were children and 40%, women. One success was in minimizing anemia. In one village, average hemoglobin levels rose from 6 to 7 mg/l (the normal level being 14mg/l) to 11.5mg/l over six to eight months.

Case study | Disaster relief

Following the terrorist attacks on the USA, employees at our many USA and international sites supported a variety of local disaster-relief efforts. At our Rockaway site in New Jersey, Agilent employees, along with several local merchants and residents, quickly rallied and held a three-day bake sale and raffle that raised over US$2,700 for the victims of the attack. They also collected materials for the recovery effort that were delivered direct to the scene. Since then, a number of employees have become American Red Cross volunteers and have undertaken training as part of their role.

Agilent also established a company-wide matching-donation program for gifts made to the American Red Cross and United Way September 11th Fund. The Agilent Foundation matched individual employee donations up to US$1,000, and through this effort more than US$600,000 was directed to disaster-relief efforts.

About the performance data

Many of the activities described in our 2000 report are ongoing. Where appropriate, we indicate progress on specific elements of our work. We also provide information on new activities and initiatives. Where possible, we report on and present our data to enable comparisons with previous years. We explain how the data relate to our goals and objectives, the changes over time, and the limitations of the data.

Data relating to our environmental and social performance are for the 2001 calendar year except where otherwise indicated. Economic data is for the 2001 fiscal year. Data reflect all sites and operations except where otherwise indicated.

Where possible, we have used a combination of quantitative and qualitative data; where this is not possible, we have used qualitative data only. We intend to improve the extent of our quantitative data reporting over time.

In this report, quantitative environmental data is summarized into six regions, to enable comparisons with last year's report. However, we are moving toward summarizing this data into only three regions in the future: the Americas; Asia/Pacific and Europe/Middle East/Africa. This will align the environmental reporting geographies with those we use for economic and social reporting. We will continue to report environmental data by site wherever possible. The regions referenced are broken down as follows:

The Americas (all manufacturing sites within USA):
Lake Stevens and Spokane (Washington); Wilmington (Delaware); New Jersey; Colorado Springs, Loveland and Fort Collins (Colorado); and Sonoma County, San Francisco Bay Area SPG, Roseville, California Avenue (Palo Alto), Agilent Labs (Palo Alto) and Santa Clara (California).

Asia Pacific:
Hachioji and Kobe (Japan), Shanghai (China), Penang (Malaysia), Melbourne (Australia), and Singapore.

Europe:
Boeblingen and Waldbronn (Germany), Ipswich and South Queensferry (UK), and Turin (Italy).

Developing the data

We recognize that there are opportunities to improve our reporting capabilities further, and we continue to look for ways to make progress in this area over time.

In future years, we plan to increase the breadth and frequency of our data collection. We have already started to collect environmental data quarterly at some sites and are aiming to do this more widely so that we can compare progress with targets and make decisions throughout the year. We continue to review and test opportunities for normalization, ratios, and integrated performance indicators.

How we collect data

We have established processes to collect EHS performance and compliance data centrally via our internal regional networks. We send requests for specific information via e-mail to EHS regional managers. The requests include spreadsheets that are then completed by our facilities engineers, EHS specialists and technicians. These professionals collect the required data from meter readings, shipment documents, purchase records, and government reports. Conversion to consistent units of measure is handled during the initial response period and then checked centrally. The data collection frequency is as follows:

* EHS compliance data (alleged violations) is collected twice yearly
* The following EHS performance data is collected annually:
  - water use for operations
  - water use for irrigation
  - water recycled
  - chemical waste treated
  - chemical waste incinerated
  - chemical waste landfilled
  - chemical waste recycled
  - solid waste incinerated
  - solid waste landfilled
  - solid waste recycled
  - air emissions reported to government
  - water emissions reported to government
* Employee injury/illness performance data is collected quarterly
* PFC emissions data is collected quarterly from Agilent's semiconductor operations
* Product stewardship data is collected annually.

Significant environmental, health and safety aspects

In operating our business, Agilent's activities can have both positive and negative impacts on the environment and on occupational health and safety. In our EHSMS (and in ISO 14001), activities that can interact with the environment are called aspects. In accordance with our EHSMS, each year we re-examine our business activities in order to identify our significant aspects. These are then considered when developing our annual objectives and targets.

When developing the objectives and targets, the significant aspects are considered alongside the available technological options and our financial, operational and business requirements. Consequently, not all the identified significant aspects are addressed with specific objectives and targets.

The process of identifying and maintaining a current list of significant EHS aspects provides Agilent with a framework for understanding the important EHS issues and for making management decisions.

Listed below are the significant company-wide EHS aspects that were identified for 2001:
Energy use
Ergonomics
Solid waste generation
Chemical management
Contractor management
Wastewater generation
Driving hazards
Health promotion
Material selection
Material use

The significant EHS aspects for 2002 have been identified as:
Energy use
Ergonomics
Solid waste generation
Chemical management
Contractor management
Work at non-Agilent sites
Materials selection
Materials use.

It is important to note that we have controls in place to manage the risks in each of these areas.

Environmental, health and safety objectives

In accordance with our EHSMS, Agilent sets EHS objectives and targets at least annually. Teams of Agilent's internal experts develop these objectives based on our significant EHS aspects, our company policies, our current business conditions, and other relevant considerations. In each of the environmental performance areas of this report, we document both the relevant objectives that were set for 2001 and the objectives we have set for 2002. If we have not set a company-wide objective in a particular area, we describe the general strategy for managing our performance in that area.

Compliance

We strive toward full compliance with environmental, health and safety legal requirements. However, at times, the various worldwide facilities report minor violations.

During fiscal year 2001, there were 29 alleged regulatory violations associated with the EHS operations at our sites worldwide, and a total of less than US$2,200 in regulatory fines. They were mainly for wastewater discharges temporarily exceeding permit limits and administrative issues related to specific health and safety programs.

We take these alleged violations seriously. We continue to review our EHS regulatory compliance programs on a regular basis at local, regional and global levels. We have developed additional internal tools to assist with this and are rolling them out.

	FY2000	FY2001
Number of alleged EHS violations globally	21	29
Corresponding fines	less than US$1500	less than US$2200

