

Vision and strategy

Agilent's purpose is to revolutionize the way people live and work through technology. Our strategy is to create products and services for the areas where technology is making a difference in people's lives - today.

Our priorities for the coming year are to return the company as quickly as possible to financial health; continue the creation of a customer-first culture; win our markets; and reinforce the importance of our people.

Looking ahead

Our strategy and priorities are closely linked to our desire to be a company that contributes positively to the environment and the society that support us. Our business could not exist if it were not for our great people, a clean and safe environment in which to operate, sufficient natural resources and the support of the communities in which we work.

Agilent's citizenship objective is to be an economic, intellectual and social asset to each nation and community in which we operate. Integrating the development of our business with a sustainable way of life provides competitive advantage, helps ensure long-term success and increases the opportunities available for the next generation.

Commitment

Our citizenship objective is woven into the structure of our business. We have developed company-wide policies that guide our employees on a range of citizenship issues. These are backed by management systems that ensure we regularly review our objectives and put our policies into practice across the business.

We listen carefully to the ideas and suggestions of our stakeholders and consider those inputs as we develop our approach to sustainability. Our sustainability programs are designed to apply our expertise and ideas to those areas that can benefit from our input.

Dreams made real

Our mission is to help turn our customers' dreams of human advancement into reality. We are making those dreams real today at Agilent by helping to build a sustainable future.

Did you know...

Customers and young Agilent scientists can learn how to use Agilent Life Sciences and Chemical Analysis equipment at the new Agilent Analytical Educational Center at Simon Bolivar University in Mexico City.

CEO statement

"This year, we faced business conditions that have tested Agilent in many ways and led to financial results that were far short of our goals. But, our strong values have helped guide us through this period and will help us emerge even stronger."

Ned Barnholt, Chairman, President and Chief Executive Officer

Our values are crucial to how we operate our business. This Environment and Social Responsibility Report is one way we communicate our actions and accomplishments as well as describe our goals for the future.

Despite the difficult market conditions in 2002, we made good progress on our environmental and social objectives. This year's highlights include:

- Reduction of Agilent's worldwide energy use by more than 7%, measured on a kilowatt-hour per square-foot basis
- Our implementation and support of a wide range of community action programs across the globe, focusing on science education and healthy communities
- Recognition, once again, for Agilent as one of the 'best places to work' by several organizations and publications around the world, including *Fortune* magazine, the *Sunday Times* in the UK, and *Business Today* in India
- Completion of Agilent's ISO 14001 registration process. As of January 2003, our company-wide Environmental, Health and Safety Management System and 24 of our manufacturing sites are ISO 14001-certified.

I am proud of our environmental and social achievements during 2002 and look forward to continued progress in the year ahead.

Ned Barnholt

Chairman, President and Chief Executive Officer

Company profile

Agilent delivers innovative technologies, solutions and services to a wide range of customers in communications, electronics, life sciences and chemical analysis.

Leading companies depend on Agilent's test and measurement devices, semiconductor products, and life science and chemical analysis tools to help drive the technology revolutions that are reshaping our world.

The breadth and depth of our expertise enable us to offer solutions from research and design to building and manufacturing, testing, deployment and management. With insight gained from this comprehensive perspective, we can help our customers get the best products and services to market more quickly and profitably.

61% of our net revenue came from outside the United States in our 2002 fiscal year. With customers in more than 110 countries, our global presence offers a distinct competitive advantage. Agilent's manufacturing, research and design, sales and support capabilities around the world give our customers the flexibility they need in today's competitive environment.

Agilent's commitment to corporate citizenship is recognized by our inclusion in the Dow Jones Sustainability World Index, the Calvert Social Index and the FTSE4Good (*Financial Times* Stock Exchange) Global and US Indices. Our stock is also included in mutual funds committed to environmental sustainability, including Portfolio 21.

What we do

Agilent Technologies, incorporated in Delaware in May 1999, is a global diversified technology company that provides enabling solutions to the communications, electronics, life sciences and chemical analysis industries. Agilent is listed on the New York Stock Exchange and our ticker symbol is 'A'. We have three primary businesses:

- Test and Measurement
- Semiconductor Products
- Life Sciences and Chemical Analysis.

Test and Measurement

Our test and measurement business provides standard and customized solutions that are used in the design, development, manufacture, installation, deployment and operation of electronic equipment and systems, and communications networks and services. These solutions include test and measurement instruments and systems, automated test equipment, communications network monitoring, management and optimization tools, software design tools and associated services.

Semiconductor Products

Our semiconductor products business is a leading supplier of semiconductor components, modules and assemblies for high-performance communications systems. We design, develop and manufacture products for the networking and personal systems markets.

Life Sciences and Chemical Analysis

Our life sciences and chemical analysis business provides application-focused solutions that include instruments, software, consumables and services that enable customers to identify, quantify and analyze the physical and biological properties of substances and products. Our seven key product categories are: microarrays, microfluidics, gas chromatography, liquid chromatography, mass spectrometry, informatics, and related consumables and services.

Agilent Technologies Laboratories

Agilent Labs provides technology integration across our Company. Here we engage in two types of research:

- 1) applied research that leads to technology that can be transferred to our existing businesses in communications, life sciences and electronics, and
- 2) research that creates new businesses that are outside of our current markets but within our fields of interest.

Where we are

Agilent's approximately 36,000 employees serve customers in more than 110 countries, and 61% of our net revenue in fiscal year 2002 came from outside the USA.

We have manufacturing sites in China, Germany, Japan, Malaysia, Singapore, the United Kingdom and the United States.

Agilent's headquarters are in Palo Alto, California.

Agilent employee numbers reported are as of the end of October 2002.

Report scope

This report is based on both quantitative and qualitative data relating to our environmental and social performance during 2002. The data is recorded on a company-wide basis unless otherwise indicated.

This report covers the environmental and social impacts of our business. Much of the data and information relates to the effects that we have in the vicinities of our business and manufacturing sites. We also cover the wider impacts of our company where appropriate. For example, our products and services may bring environmental benefits in a range of locations depending upon where our customers are based.

Changes since 2001

Our workforce management program has led to the main change in the size and structure of Agilent since our 2001 report. The company reduced employee numbers by 8,000 from mid-2001 through the end of 2002. In August 2002 we announced additional reductions in Agilent employees that will lower our workforce by about another 2,500 people. At the end of our 2002 fiscal year (October 31, 2002) Agilent had approximately 36,000 employees.

In the past year Agilent has consolidated facility operations and minimized excess property and space. The current business environment, combined with the continued consolidation of manufacturing, and shifts in business, has resulted in excess floor space in many of our owned and leased sites. We have used these opportunities to downsize when leases expire, consolidate operations to strategic sites, and sell excess real estate. In 2002, Agilent reduced its facility operations throughout the Americas, Europe and Asia by 1.6 million square feet.

In contrast, facility expansion was slow over the past year and has mainly taken place when new business opportunities have arisen. The Asia Pacific region has been the main beneficiary of facility expansion as a result of the growth of existing businesses.

This last year, Agilent started to introduce a new company-wide Enterprise Resource Planning system. The system is intended to improve the way in which Agilent shares information across its businesses and to lead to more efficient use of resources in the future. We are continuing to implement these new information systems, but problems with their design and implementation have interfered - and could further interfere - with our operations.

In January 2003, we completed the addition of 24 manufacturing sites to our ISO 14001 environmental management system (EMS) registration. This is well ahead of our original December 2003 target completion date. The individual site audits of our EMS required us to detail the processes we have in place to manage environmental risks.

Membership of organizations

Agilent is a member of a number of leadership organizations that help us keep abreast of best practices and provide us with valuable feedback from peers and stakeholders.

Examples of these memberships include:

American Electronics Association; American National Standards Institute; Business and Industry Advisory Committee to the Organization for Economic Cooperation and Development; Business for Social Responsibility; Center for Corporate Citizenship at Boston College; EICTA - European Industry Association; European Policy Centre; European Union Committee of the American Chamber of Commerce; International Electrotechnical Commission; National Electronics Manufacturing Initiative; National Minority Supplier Development Council; Points of Light Foundation; Public Affairs Council; US-ASEAN Business Council; US Council for International Business; and Wildlife Habitat Council.

In addition, we frequently belong to trade associations in the communities where we operate.

Sustainability

"Sustainable businesses meet the needs of the current generation while planning for the needs of future generations. Agilent's corporate values encourage us to implement such thinking in our work. These values, together with the resulting action, embody Agilent's approach to sustainability."

Gail Brownell, Manager, Quality Systems

Revolutionary thinking

Agilent's purpose is to revolutionize the way people live and work through technology. We believe that the application of our insight, knowledge and expertise helps create products and services that improve lives. These range from providing technology used in accelerating fuel cell development to helping researchers speed up the diagnosis and treatment of genetically related diseases.

Positive thinking

We strive to have a positive effect upon the society in which we live and work and the environment that surrounds us. Our citizenship objective is to be an economic, intellectual and social asset to each nation and community in which we operate.

Real progress

Making dreams real is what Agilent is about. Our Environment and Social Responsibility Report details many of the ways in which we are doing this by working toward a sustainable future. Individual and collective actions are helping us make real progress toward our goals and visions.

There will always be more we can do, and we welcome your input in helping us achieve our goals. Please use the various feedback mechanisms throughout this report to let us know what you think.

Did you know...

Agilent employees in Germany collected more than US\$60,000 in a fundraising campaign for victims of the floods that impacted the region in summer 2002.

Environmental impacts

"The success of our EHS Management System is based on continual improvement. We review our system each quarter and consider whether there are emerging issues which provide new opportunities for us to improve our environmental performance."

Alvaro Rego, Manager, Management Systems and Sustainability

Policy commitment

Agilent is committed to acting in an environmentally responsible manner with regard to its operations, products and services.

We implement a range of policies and procedures to achieve these goals. Our EHS Management System (EHSMS) provides us with the means to assess and manage our EHS impacts. It also provides a framework for us to review regularly the nature and extent of our current and future impacts.

Target setting

As part of our review process, we set objectives and targets on an annual basis to keep our practices in line with business developments and external emerging issues. In addition to our annual review with senior management, we conduct quarterly updates to evaluate current status and emerging issues so we can plan accordingly.

Agilent recognizes that environmental progress is best achieved through broad collaborative efforts. We work with external agencies and organizations as policies and regulations are developed for reducing negative environmental impacts. We help customers too, through the provision of innovative products and services that contribute to a sustainable future for us all.

Did you know...

Students at the Technological Institute of Higher Education in Monterrey, Mexico are getting training and work on real-life case studies thanks to Agilent. The company's Automated Test Group in Mexico has worked with the Institute to create a training center for Inspection Systems and Electronic Card Testing.

People and values

"Agilent's values underscore everything we do. Our goal is to create an environment of teamwork, trust and respect for those with whom we work and do business."

Jean Halloran, Senior Vice President, Human Resources

Best place to work

We want to make Agilent a 'best place to work' for our employees so that they are motivated to create innovative solutions for our customers.

Fiscal year 2002 was especially difficult for our company. Economic conditions led us to continue with our workforce reduction program. Throughout this process, we have sought to treat those people leaving the company with respect while strengthening the support mechanisms for those who remain.

We continue to introduce initiatives that improve the environment in which our employees work - and their ability to undertake that work. Despite the difficult economic conditions, we have continued to win 'best place to work' awards from organizations across the globe.

Equal respect

Respect for the individual means valuing the many ways in which people are different and then creating an inclusive environment in which they can prosper. Diversity and inclusion are crucial to Agilent's future - not just because they are the right way to live and work, but because different perspectives enrich and strengthen Agilent's approach in responding to the realities of a global marketplace. The best way to ensure an innovative future is to encourage diversity and inclusion. We call our effort to achieve this Diversity Made Real.

Did you know...

In October 2002 Agilent's Diversity Grant program made its first grant to a diversity cause in the Asia Pacific region. A grant of US\$20,000 will help girls from poor areas of China return to school.

Customers and partners

"We have to service our customers better than any of our competitors do. Our responses must be instantaneous to ensure that our customers, who are also impacted by the difficult times, know that Agilent is there for them."

Bill Sullivan, Executive Vice President and Chief Operating Officer

Clear focus

Customers are the focus of our business. We have a range of policies and practices to ensure that we address customer needs.

Our product safety and regulations policy and our quality policy guide us in keeping our products and services within applicable safety guidelines and ensure standards for our customers. We continuously seek feedback from our customers and partners while respecting their need for, and right to, privacy.

Clear expectations

We work with our partners on environmental and social responsibility issues. We inform suppliers of our expectations and encourage them to adopt sound environmental, health and safety management practices. We let them know where we stand and encourage communication to enhance relationships.

Did you know...

Fortune magazine discussed Agilent in a special diversity supplement it published in September 2002. Chairman, President and Chief Executive Officer Ned Barnholt and Agilent's Diversity Made Real team were featured in the article.

Action in communities

"People want to work for a company that gives them the opportunity to give something back to their community and we try hard to facilitate that."

Gene Endicott, Director, Public Affairs

Pride in their work

There is a strong link between employee morale and what their company is doing in the community. Our community involvement program has the dual benefit of making employees proud of Agilent and enabling them to serve their local communities.

Community programs

Agilent Action - the collective name for our community programs - describes a range of initiatives across the globe. We inspire minds by supporting programs that increase interest in science education; we enrich lives by helping communities address local health and human services needs and environmental issues.

Did you know...

Agilent Germany co-sponsored a summer study program exclusively for female participants that took place at the University of Freiburg. Agilent IT specialists also taught classes at the event, which attracted over 200 students during September 2002.

Financial performance

"The financial aspects of sustainability should not be overlooked. This year has reminded us how important financial stability and success are to people's lives and futures."

Adrian Dillon, Executive Vice President and Chief Financial Officer

Transparent and open

Recent scandals in corporate America make the clear, complete disclosure of financial information more important than ever. Agilent's value of uncompromising integrity is key to our open and transparent disclosure of financial information. We encourage regular communication with investors and other stakeholders on our financial performance.

This Environment and Social Responsibility Report is one element of our overall 2002 reporting strategy, which also includes the Notice of 2003 Annual Meeting and Proxy Statement, 2002 Annual Report, the Report on Form 10-K and the 2002 Corporate Report. For information about Agilent's corporate structure and financial performance please go to:

- Notice of 2003 Annual Meeting and Proxy Statement
(<http://investor.agilent.com/downloads/2003finalproxy.pdf>)
- 2002 Annual Report to Stockholders
(<http://investor.agilent.com/downloads/2002finalAR.pdf>)
- Report on Form 10-K
(<http://www.shareholder.com/common/Edgar/1090872/891618-02-5622/02-00.pdf>)
- 2002 Corporate Report (<http://www.agilent.com/go/corpreport>)

Highlights

Some economic performance highlights during 2002 were:

- Agilent was named one of 600 companies that comprise the Calvert Social Index
- We spent our second year listed on the Dow Jones Sustainability World Index and the FTSE4Good (*Financial Times* Stock Exchange) Global and US Indices.

Each of these indices tracks sustainability-driven companies selected according to strict criteria.

Net revenue (million US\$) (based on location of customer)

	US	Japan	Rest of world	Total
Year ended 10/31/2002	2355	597	3058	6010
Year ended 10/31/2001	3373	1083	3940	8396

Did you know...

Agilent Korea won the third-place spot in the Hankyung Great Workplace (GWP) survey, which was conducted in the Asia region for the first time in 2002. The survey evaluated 63 participating companies based on the trust index from an employee survey and a culture audit.

Management

"Executive-level support for the management of environmental and social issues is crucial for its successful implementation. We are committed to communicating this support throughout the company."

Peter Sullivan, Vice President, Workplace Services

The policies, values, organization and management systems described in this section apply across our businesses. They are designed to:

- Reduce our negative impacts on the environment
- Protect the occupational health and safety interests of our employees
- Ensure customer requirements are met
- Enhance our value to our communities
- Ensure the highest levels of quality in our products and services
- Increase our competitiveness
- Create a consistent approach across business groups, where applicable.

Compliance

It is Agilent's policy to aim toward full compliance with environmental, health and safety (EHS) legal requirements in the markets in which we operate. Despite our many safeguards, minor incidents are sometimes identified in our operations during the course of regulatory inspections. In addition, where applicable, Agilent sites report their own violations if and when they occur.

During the 2002 fiscal year, there were 30 alleged regulatory violations associated with the EHS operations at our sites worldwide. Approximately 70% were related to hazardous waste administrative issues identified at sites in the California San Francisco Bay Area. There were no significant spills of chemicals, oils or fuels in fiscal year 2002 and we were not issued monetary fines as a result of any incidents.

We monitor our violations in order to learn from them - so that we can initiate new policies and programs that might prevent similar incidents in the future. The lessons learned as a result of regulatory violations are viewed as opportunities for improvement for our facilities across the globe.

	2000	2001	2002
Number of alleged EHS violations globally	21	29	30
Corresponding fines	<US\$1500	<US\$2200	0

Location	Asia Pacific	Europe	USA
Number of alleged EHS violations in 2002	0	6 ¹	24 ²

Data is reported for fiscal years.

¹ 5 of the alleged violations in Europe were in the UK.

² 22 of the alleged violations in the USA were in California.

If you have specific questions about EHS compliance at Agilent, please contact answers_ehs@agilent.com.

Environmental, Health and Safety Management System (EHSMS)

Our EHSMS is a company-wide system designed to provide a framework for the environmental, health and safety programs and policies described in this report.

The EHSMS is central to our strategy for developing an environmentally sustainable business. It forms 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.

ISO 14001

The sections of our EHSMS that address the environment meet the requirements of ISO 14001, an international standard for environmental management systems. Our company-wide EHSMS achieved ISO 14001 registration in April 2001. This initial registration laid the groundwork for us to have our manufacturing sites registered under a single, company-wide certificate.

In January 2003, we completed the process of adding 24 manufacturing sites to the ISO 14001 certificate through local site registration audits. This is well ahead of our original December 2003 target completion date.

OHSAS 18001

Our South Queensferry site in the UK was the first Agilent site to achieve accreditation to the occupational health and safety management system standard, OHSAS 18001. The accreditation was achieved in October 1999. Although Agilent's EHSMS is designed to align with OHSAS 18001, we do not currently plan to register other sites to this standard.

Environmental, health and safety employee training

Employees are trained to fulfill compliance requirements, address job-specific risks, and be aware of company-wide policies and practices. Our EHS training program enables our employees to stay informed regarding current issues for maintaining a safe work environment.

Training is undertaken through a variety of methods, from classroom-based learning to online courses in local languages. The online offerings form part of Agilent's web-based learning management system, which helps track and monitor employee training and development.

EHS objectives and targets

The EHSMS is implemented as part of Agilent's overall business processes and through it we develop EHS-related objectives and targets. Proposed objectives are developed annually by cross-functional teams and then reviewed and approved, as appropriate, by senior management.

The EHS performance areas covered within this report include the related objectives for 2002 and those we have set for 2003. If we have not set a company-wide objective in a certain area, then we describe our general strategy for managing performance in that area.

Agilent sets company-wide objectives and targets and then our sites use those as one of their guides for setting local objectives and targets. The system is designed to provide a company-wide process that takes into account local factors and operations.

External charters and principles

Many of Agilent's policies and practices are consistent with internationally accepted charters and principles. We have also used external guidelines, charters and principles to craft some of our position statements relating to the operation of our businesses.

Some of the guidelines, charters, organizations and principles that Agilent has used or modeled in developing EHS position statements, management systems and reporting structures are:

- ISO 14001 - international standard for environmental management systems
- OHSAS 18001 - standard for occupational health and safety management systems
- Global Reporting Initiative - sustainability reporting guidelines
- 1987 Montreal Protocol on Substances that Deplete the Ozone Layer and adjusted by Meetings of the Parties in 1990, 1992, 1995 and 1997; Ozone Secretariat, United Nations Environmental Program
- Semiconductor Industry Association - see the section of this report entitled 'Emissions'
- US EPA Memorandum of Understanding with semiconductor manufacturers - see the section of this report entitled 'Emissions'.

Our organization

We manage environmental, health and safety (EHS) issues using a structure that involves several departments at many levels of the Agilent organization.

Agilent Quality and Global Workplace Services jointly provide leadership for Agilent's environment and sustainability programs. Both of these organizations report into Agilent's Chief Operating Officer. Success is achieved through active partnership with each of Agilent's business groups.

Agilent Quality is responsible for the company-wide EHS Management System, the ISO 14001 program, the Product Market Access Department (which includes the Product Stewardship Program and Product Regulations and Compliance), and the Supplier Environmental Management Program. It also manages a variety of other related projects, such as the Environment and Social Responsibility Report.

Workplace Services manages the environmental and occupational health and safety issues associated with our site operations. It includes regional and site EHS and Facilities managers and staff. These EHS and Facilities professionals work closely with our business groups to ensure the needs of the businesses are met.

Social and employee-related areas of Agilent are managed by a variety of functions, including Community Affairs, Public Affairs and Human Resources.

Economic performance is looked after by the Finance, Corporate Financial Reporting and Investor Relations functions.

These and other pertinent groups within the company contribute to a cross-functional Corporate Citizenship team that meets to address issues of company-wide interest, such as the coordination of Agilent's citizenship strategy.

Policies and position statements

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 environment and sustainability policy at www.agilent.com/environment/epolicy.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.

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.

Energy policy

We are committed to reducing our baseline consumption of energy resources by 5% per square foot annually, from a baseline established in the 2000 fiscal year through our 2004 fiscal year. We are working to develop our energy management program so 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.

Quality policy

To earn customer loyalty by providing products and services of the highest quality and greatest value. You can find out more about our quality policy at www.agilent.com/quality/qpolicy.pdf.

Employee diversity, inclusion, accessibility and work-life balance

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

- Education assistance program
- Employee assistance program
- Employee network group guidelines
- Harassment-free work environment
- Non-discrimination policy
- Accessibility and accommodations programs and guidelines.

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

Employee volunteering policy

Agilent employees may use up to four hours of company time per month, with manager approval, to work on company-supported education or community programs. You can find more about our employee volunteering at www.agilent.com/comm_relation/comty_actn_volntrs.html.

Privacy policy

We have a commitment to respecting, as well as protecting, the privacy of our customers and other stakeholders. You can find out more about our privacy policy at www.agilent.com/go/privacy.

Position statements and issue brief

The following position statements and issue brief are used to communicate Agilent's position on a range of environmental and social issues:

- Global climate change issue brief
- Glycol ethers elimination position statement
- Ozone-depleting substances elimination position statement
- Reducing perfluorocompound (PFC) emissions from semiconductor operations position statement
- Restricted chemicals position statement
- Political activities position statement
- Section 508 Accessibility Standards position statement.

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

Risk management

Risk management is a system that includes risk assessment and analysis, risk mitigation and risk financing. The practice of risk management leads to better-informed decisions about risk acceptance, tolerance, avoidance and accountability. With that in mind, Agilent continues to use a largely decentralized approach to risk management. This acknowledges risk management expertise within many functions and the integration of risk management practice throughout Agilent.

One department, Agilent Global Risk Management (AGRM), is responsible for developing and implementing risk financing strategies for the company's exposures. In addition, much effort is focused on promoting the practice of risk management, with a consultation emphasis on risk mitigation strategies.

AGRM manages a number of global programs that are implemented with the help of third-party consultants and internal partnerships around the globe. These include:

- Business Continuity Planning
- Contracts Risk Management
- Incident Response
- Merger and Acquisition Due Diligence.

The EHS program has helped support Business Continuity Planning this year by creating objectives and targets for Emergency Preparedness and Response. For example, disaster recovery plans at 20 critical manufacturing sites were analyzed for their ability to effectively meet current operational needs.

Significant EHS aspects

Agilent's activities can have positive and negative impacts on the environment and on occupational health and safety. In our EHS management system, activities that can interact with the environment or health and safety to create impacts are called aspects.

Each year, we review our activities to identify aspects of our operations and products that may have significant EHS impacts. This review contributes to the development of EHS-related objectives and targets for the coming year.

When developing the objectives and targets, the significant aspects are considered alongside the available technological options; our financial, operational, and business requirements; and the views of interested parties.

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.

Agilent's significant company-wide EHS aspects for 2002 were:

- Chemical management
- Contractor management
- Energy use
- Ergonomics
- Materials selection
- Materials use
- Solid waste generation
- Work at non-Agilent sites.

Agilent's significant company-wide EHS aspects for 2003 are:

- Air emissions
- Chemical management
- Contractor management
- Driving hazards
- Electrical hazards
- Energy use
- Ergonomics
- Health and wellbeing
- Materials selection
- Materials use
- Mechanical hazards

- Solid waste generation
- Walking surfaces
- Wastewater generation
- Water use
- Work at non-Agilent sites.

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

Did you know...

The next generation of electronics engineers can gain first-hand experience on our state-of-the-art products at the new Agilent Millimetre-Wave Laboratory at the University of Manchester in England.

Stakeholder engagement

Agilent's major stakeholders are:

- Customers
- Employees
- Investors
- Suppliers
- Governments
- Communities
- Neighbors
- Non-governmental organizations (NGOs).

We identify our stakeholders in a range of ways related to areas such as our company purpose, fields of interest, markets and corporate citizenship objectives.

Stakeholder consultations

We engage with our stakeholders through consultations, surveys, ad hoc feedback, reviews and other opportunities that arise in the normal conduct of business. These include:

- Agilent Customer Satisfaction surveys customers at various points across the business and reports results quarterly. Businesses also conduct their own customer surveys.
- We conduct annual surveys of employee attitudes toward the Agilent workplace, management and other issues. This year, nearly 11,000 employees took part, all of whom were invited to offer direct comments over and above the main questionnaire.
- We hold 'Town Hall' meetings for employees so that they can ask senior management about issues of concern.
- We support the establishment of volunteer sustainability discussion groups where our employees can discuss personal and company actions. These are in existence at our manufacturing sites in Sonoma County and Santa Clara, California and Loveland, Colorado, USA.
- Public Affairs managers engage with community representatives at a local level in and around our major employment centers.
- We encourage our suppliers to adopt sound environmental management practices.
- Last year's Environment and Social Responsibility (ESR) Report invited stakeholders to complete an online feedback form and to ask further questions. Comments were made by e-mail and telephone.
- We have a similar feedback form in this year's report and have also produced a separate hard copy document that summarizes some of the key information included in this report.

- The 2001 and 2002 ESR reports were also reviewed by:
 - * The CSR Network, a European-based consultancy organization that specializes in social responsibility issues
 - * Business for Social Responsibility (BSR), a USA-based organization that helps companies achieve success in environmental and social responsibility issues.
- We regularly meet and communicate with our investors and other members of the financial community.
- We have ongoing relationships with regulators on local, regional and national levels regarding operational areas such as EHS.

Use of information

These feedback mechanisms combine to provide Agilent with information to help improve our economic, environmental and social performance. For example, Human Resources uses feedback from the employee surveys to review and modify company programs and benefits. Similarly, Public Affairs directs the input it receives to the appropriate Agilent functions and uses it to guide our community programs, such as volunteerism and grants.

Contact us

We encourage stakeholders to contact us with their feedback on the issues that are important to them. You can send us comments by e-mail at answers_ehs@agilent.com.

Investor feedback

Agilent has a range of mechanisms in place to allow shareholders to provide feedback and recommendations to Agilent management.

Direct meetings

Institutional investors regularly request meetings with our Chief Executive Officer (CEO) and many of them meet with him at least once a year. He and other members of the executive staff attend investor conferences where they give presentations and meet with investors one-on-one.

Analysts that research our company and sector also have regular contact with our CEO and our Chief Financial Officer (CFO). Those analysts are in constant contact with institutional investors and act as a feedback mechanism on how the market perceives the company.

Investor relations

If analysts and institutional investors are unable to meet directly with our CEO, CFO, or Treasurer then they can rely on regular contact with our Investor Relations department. The department acts as a channel for communications between Agilent and its investors.

Conference call

Each quarter, we conduct a financial results conference call that presents analysts and investors with an opportunity to ask questions and detail concerns to the CEO and CFO. Anyone can listen in to these conference calls over the Internet, although posing questions is generally restricted to professional investors and analysts.

At our annual shareholder meeting, all attendees are presented with the opportunity to ask questions of our CEO, executive staff members and members of the Board of Directors.

Upstream and downstream impacts

Upstream impacts

Supplier environmental management program

Agilent's relationships with suppliers are of strategic importance. We inform our suppliers, partners and contractors of our environment and sustainability policy and encourage them to adopt sound environmental management practices. Suppliers are expected to uphold local laws and international principles relating to labor standards and EHS protection. A potential supplier's environmental and safety performance and track record are factors that may be considered in supplier selection.

Our direct materials suppliers - those that provide materials that go into our products - are kept up to date on our expectations via a range of communications methods. These include standard terms and conditions, supplier information brochures, and a specification detailing product chemical content restriction laws.

Selected suppliers are periodically evaluated with regard to their approach to EHS practices. We work on a development plan with those suppliers that do not meet our criteria in order to help them improve their performance in identified areas.

Local operations also introduce requirements on a commodity-specific and/or supplier-specific basis. For example, the Workplace Services (WPS) function is concerned with the EHS management practices of suppliers that conduct their operations within Agilent's facilities. Strategic suppliers for WPS are asked to periodically provide information regarding their contributions to Agilent's EHS management system and their compliance with applicable laws and regulations.

Agilent has a Supplier Environmental Management Program, which monitors and aims to improve the management of environmental issues within our supply chain. The program includes periodic benchmarking of supply chain environmental management expectations of our customers and the marketplace.

Supplier diversity program

Agilent continues to meet customer needs by proactively sourcing products and services from minority, women, disabled veteran and veteran-owned business entrepreneurs (MWDVBEs). As demographics continue to change in the United States, Agilent's corporate policy of sourcing and also selling products through MWDVBEs will continue to be a corporate objective.

During 2002, Agilent's Supplier Diversity Program expanded supplier outreach strategies and supplier development objectives. Challenged with a very difficult economic year in 2002, Agilent sourced 7% from MWDVBEs. In fiscal year 2003 Agilent will continue to emphasize supplier diversity strategies throughout the company.

Downstream impacts

Agilent has a number of downstream impacts, which we monitor and manage through our EHS management system. These impacts relate directly to our operations and products and include areas such as waste, air emissions, wastewater discharges, product disposal, and electronic scrap. To learn more about our downstream impacts visit the performance section of this report.

Did you know...

Agilent recently established a strategic relationship with our preferred hazardous waste services supplier in the USA. This partnership approach has helped us toward our goal of reducing chemical waste to landfill and provided a forum to share best practices.

Values

Agilent was founded on strong corporate values. These include uncompromising integrity; trust, respect and teamwork; innovation and contribution; focus; speed; and accountability. They guide our relationships with our stakeholders.

Standards of Business Conduct

Our values are the foundation for our Standards of Business Conduct (SBC) (<http://investor.agilent.com/downloads/sbc.doc>), which provide the context and principles for how we conduct business across the globe.

Training

Our employees are expected to conduct Agilent business within the framework of Agilent's values and comply with the policies reflected in SBC. Employees are helped toward that goal by a company-wide training program.

Policies and practices

We periodically review our policies and practices to guide our business to develop in a responsible manner with respect to social and EHS issues. When a policy area is updated, recommendations for change are presented to senior management for review and approval.

About the data

This report is based on a combination of quantitative and qualitative data relating to our environmental and social performance during the calendar year 2002. Some of the data is reported for our 2002 fiscal year (November 1, 2001 to October 31, 2002) and is clearly marked as such. The data is recorded on a company-wide basis unless otherwise indicated.

We progressed in our ongoing efforts to improve the data acquisition process this year by collecting more EHS data quarterly. We continue to evaluate and leverage opportunities to increase the breadth of our data collection and review and test data through normalization, ratios and integrated performance indicators.

The data collection process continues to be a challenge and we have set new objectives for our performance in this area during 2003. Specifically we have objectives in place regarding improving tracking of CO₂ emissions and hazardous materials in our products.

Most of the quantitative data in this report has been summarized into three regions: The Americas, Europe and Asia Pacific.

The environmental data covers the following manufacturing sites:

The Americas:

(all manufacturing sites within the Americas are located in the USA)

San Francisco Bay Area, California:

Bay Area SPG (3 sites - Newark, San Jose and Santa Clara-Bowers), Palo Alto (California Avenue), Palo Alto (Labs), Roseville/Folsom and Santa Clara

Colorado

Colorado Springs, Loveland and Fort Collins

East Coast

Wilmington, Delaware (2 sites - Newport and Little Falls); Rockaway, New Jersey

Northwest

Lake Stevens and Spokane, Washington; Sonoma County, California (3 sites - Rohnert Park, Santa Rosa-Airport Road, and Santa Rosa-Fountaingrove)

Europe:

Germany

Boeblingen and Waldbronn

UK

Ipswich and South Queensferry

Asia Pacific:

China

Shanghai

Japan

Hachioji and Kobe

Malaysia

Penang

Singapore

3 sites - Depot Road, Yishun and Senoko

How we collect data

EHS

We have established processes to collect EHS performance and compliance data centrally via our internal regional networks. In most cases, we send requests for specific information via e-mail to 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, government reports and other relevant sources. Conversion to consistent units of measure is handled during the initial response period and then checked centrally.

EHS Data is collected according to the following schedule.

CY = Calendar Year

FY = Fiscal Year

Data Collected Annually:

- Chemical waste (CY)
- Product-related data (FY)
- Solid waste (CY)
- Air emissions reported to government (CY)
- Packaging (FY - collected on an on-going basis and analyzed annually).

Data Collected Quarterly:

- EHS compliance data (alleged violations) (FY)
- Employee injury/illness (FY)
- Employee lost work-day case rate (FY)
- Energy (FY)
- Water use (FY)
- PFC emissions (CY).

In most situations, the environmental data from the fourth quarter of the year is estimated since the deadline for this report comes before this actual data is available. Data that was estimated is identified as such in the data tables.

Some 2000 and 2001 environmental data presented here may vary from what was reported in our 2001 Environment and Social Responsibility Report. Corrections to data estimated for 2001 were made when actual data differed by approximately 20% or more from the estimated data. These changes are noted in the data tables, where applicable.

In some cases the environmental data in this report may not match certain publicly reported performance data for 2002. This is due to the time lag needed to collect and report the actual data to regulators and the previously stated need to estimate some of the fourth quarter data for this report to meet the publication date.

When reviewing the data tables it may be noted that data may not sum exactly to the totals provided. This is generally due to rounding of the data.

Human Resources

Human resources (HR) data in this report is collected by the HR department's online system that is updated daily. The data is reviewed by HR as needed (ie daily, monthly, quaterly, etc.).

The data presented in this report (employment and diversity) is for fiscal years.

Performance

"This year we have met several of our reporting goals: increasing the breadth of data and information we publish, and the frequency at which we collect data. The extent of information in this year's report is just one example of our continual improvement."

Aimee McCord, Program Manager, Environment and Social Responsibility Report

Performance highlights table

Indicator	2000	2001	2002
<u>Financial performance</u>			
Net revenue (million US\$)	9361	8396	6010
<u>Environmental performance</u>			
Packaging (metric tons)	4437	3473	821
Energy consumption (1,000 gigajoules)	3250	2987	2862
Water usage (1,000 cubic meters)	4065	4433	4061
Emissions to air (metric tons)	28	21	n/a
CO2 emissions from air travel (kilotons)	111	73	57
Waste produced (metric tons)	22702	13831	10779
Number of alleged EHS violations globally	21	29	30
Fines for alleged violations	<US\$1500	<US\$2200	0
<u>Social performance</u>			
Employee numbers	47000	41400	36000
Gender mix (% male/female)	n/a	n/a	60.6/39.4
Injury/illness rate	1.8	1.3	1.0

n/a = not available

See full report for reporting periods (fiscal year versus calendar year), explanations of trends and other additional information.

We have used the August 2002 Global Reporting Initiative (GRI) Guidelines as the framework for this report. The GRI Guidelines are widely recognized as offering a standardized structure for the presentation of economic, social and environmental impact information. We join many other companies in using the GRI as a voluntary reporting framework. This facilitates easier comparison both within our industry and across different sectors. Because we cannot provide quantitative data for all areas, we have sometimes used qualitative information and case studies to demonstrate our activities and progress.

Compiling this type of data on a global basis is a significant challenge for the company. Due to the timeline for reporting, some figures for the fourth quarter environmental data are estimated. We recognize challenges such as this and are looking for opportunities for continual improvement in 2003.

For more information on data collection, go to the sections entitled 'How we collect data' or 'About the data'.

Environmental performance highlights

Environmental achievements during 2002 include:

- Completed ISO 14001 certification including the company-wide EHSMS and 24 manufacturing sites
- Reduced company-wide energy use by greater than 7% (measured in kilowatt-hours per square foot)
- Completed our first representative product lifecycle analysis
- Conducted a review of emergency response, crisis communication and disaster recovery plans at 20 strategic manufacturing sites
- Developed plans and began implementation to increase the diversion of chemical waste from landfill by 5% company-wide
- Won Waste Reduction Awards Program (WRAP) awards from the California Integrated Waste Management Board for our Newark, San Jose, Santa Clara, Agilent Labs (Palo Alto) and Sonoma County sites in California, USA.

Materials

"The environmental impact of our products is determined not only by the materials we choose, but also by how we use them. We believe that materials management offers the most opportunity for improvement over the next few years."

Renee Olson, Manager, Product Stewardship

Making efficient use of our resources is in the interests of our business and stakeholders as well as the environment.

The company has a range of strategies to monitor and control its resource use:

- Agilent products and services undergo reviews to ensure that they meet our guidelines for materials management
- We have established recycling, remarketing and refurbishment programs
- We have researched and implemented packaging alternatives that reduce negative environmental impacts
- Each of our businesses has a Product Stewardship team that seeks ways to improve resource use in product design and manufacturing.

Agilent can provide more information to stakeholders about its standards and requirements for materials use - both within Agilent and by our suppliers. We encourage stakeholders to contact us with their comments and questions: answers_ehs@agilent.com.

Packaging

Agilent educates its development engineers regarding the environmental effects of poorly designed product packaging. We encourage our engineers to design products that are environmentally preferable - both in the materials they use and the packaging they require. We also work with our suppliers to minimize the negative impacts of packaging around materials that we purchase.

The challenge lies in developing packaging that can protect fragile goods while coping with the rigors of a modern distribution system. Insufficient packaging can lead to a greater environmental impact if products are damaged and must be recycled without ever being used.

Our designers and Product Stewardship teams take these factors into account when developing products and packaging, and providing input on the design of distribution systems.

Packaging used (metric tons)

Fiscal year ¹	2000	2001	2002
Paper/card	2519	2015	502
Plastics	515	445	104
Aluminum	0	2	0
Steel	12	9	2
Wood	1340	952	190
Composite	41	42	20
Glass	0	0	0
Other	10	8	2
Total	4437	3473	820

¹ Packaging data is presented for fiscal year.

This data represents primary packaging for Agilent hardware, software and accessories. The data is compiled using material specific information from our packaging suppliers for high-volume hardware plus product line averages for low-volume 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.

In 2002 we experienced a significant drop in sales. This drop was more significant in the sale of large hardware products than consumables and software items, reflecting the industry-wide downturn of capital equipment sales in the telecommunication and industrial market sectors. This change in sales mix resulted in an increased percentage of consumables and software, which are relatively lightweight products and therefore typically require significantly less packaging material than Agilent's Test and Measurement equipment.

Results from 2000 and 2001 have been restated based on improvements in data collection processes which have been applied retroactively to provide more accurate year-to-year comparison.

Case study | Korea Action Week

Agilent South Korea joined in the celebrations for the country's Environment Day in June by dedicating an entire week to environmental action.

A survey of Agilent Korea employees had indicated that employees considered 'clean air' as the most important element in protecting the environment. On Korea Environment Day, employees were encouraged to use mass transportation to commute to work.

During the week, information about protecting the environment decorated the cafeteria. Employees suggested a number of easy ways they could help the environment in their jobs, such as saving water and paper, turning off their computers and printers when leaving the office, using glass cups instead of paper, and using recycled paper in their printers.

"We can start protecting the environment by making little efforts in our everyday lives," said Seung Ki Yoon, General Manager, Agilent South Korea. "Env-Love Action Week was a small but meaningful step in taking the environment into account."

Energy

"Good energy management does not just involve a commitment from the top of an organization. It requires hands-on participation across the globe. Agilent employees have demonstrated their willingness to help time and time again."

Chris DeVos, Manager, Energy Program

Agilent is committed to reducing its baseline consumption of energy resources by 5% annually (measured on a fiscal year basis in kilowatt-hours per square foot) through to October, 2004.

We are achieving this goal by implementing controls on energy use across our sites. As of the end of 2002, we track energy use from our major manufacturing sites and our office sites that occupy more than 100,000 square feet. This is only 10% of our sites, however, they represent over 85% of our total energy use. During 2002, we reduced energy use by 7.3% from our baseline year of 2000.

In 2002, we built on the objectives and targets we set in 2001 by:

- Conducting energy audits at our major manufacturing sites. These audits were designed to identify potential energy savings for now and the future
- Implementing energy-saving programs as a result of the individual site audits
- Establishing heating, cooling and lighting standards for our facilities across the globe
- Educating our employees regarding energy conservation issues and providing the means for them to contribute to the process
- Monitoring and analyzing our consumption of energy. In 2002, we modified our unit of measurement from kilowatt-hours to kilowatt-hours per square foot. This allows us to normalize energy use with respect to our total building space.

Indirect impacts

Agilent's most notable indirect impact on the environment is through its use of purchased electricity.

In 2002, Agilent purchased over 570 million kilowatt-hours of electricity for its operations worldwide. When using regional emission coefficients for the production of electricity, this converts to a release of more than 300 million kilograms of CO₂ to the atmosphere.

Energy consumption worldwide (1000 gigajoules)

Fiscal year ¹	2000	2001	2002
Total electricity consumption	2352	2183	2053
(percentage renewable*)	(7%)	(23%)	(19%) ³
Total natural gas/fuel oil consumption	898	804	809
Total energy consumption ²	3250	2987	2862

Regional breakdown

Asia Pacific (1000 gigajoules)

Fiscal year ¹	2000	2001	2002
Total electricity consumption	520	519	556
(percentage renewable*)	(0%)	(1%)	(1%)
Total natural gas/fuel oil consumption	173	20	23
Total energy consumption ⁴	693	539	579

Europe (1000 gigajoules)

Fiscal year ¹	2000	2001	2002
Total electricity consumption	276	271	214
(percentage renewable*)	(0%) ⁵	(1%)	(3%)
Total natural gas/fuel oil consumption	109	89	83
Total energy consumption	385	360	297

USA (1000 gigajoules)

Fiscal year ¹	2000	2001	2002
Total electricity consumption	1556	1393	1283
(percentage renewable*)	(10%)	(36%)	(30%)
Total natural gas/fuel oil consumption	616	695	703
Total energy consumption	2172	2088	1985

¹ Energy data is presented for fiscal year. Data for the 4th quarter of 2002 is estimated.

² The overall reduction in energy consumption is due to the success of our worldwide energy management program and a general decrease in production and office and manufacturing space.

³ Percent renewable decreased due to decreased hydroelectric power usage at Agilent sites within the USA.

⁴ Energy consumption in Asia Pacific increased due to an increase in manufacturing space in the region.

⁵ The 2000 percentage renewable was incorrectly stated as "2%" in the 2001 report.

* Renewable electricity includes hydroelectric, wind and solar.
Percent renewable = renewable electricity / total electricity use

1 kilowatt-hour = 3.6×10^{-3} gigajoules

Asia Pacific - individual sites (1000 gigajoules)

2002	Total electricity consumption (% renewable*)	Total natural gas / fuel oil consumption	Total energy consumption
Hachioji, Japan	54.0 (5%)	12.2	66.2
Kobe, Japan	22.7 (10%)	9.0	31.7
Shanghai, China	9.0 (-)	0.7	9.7
Penang, Malaysia	285.8 (-)	0.0	285.8
Singapore ¹	184.7 (-)	0.7	185.4
Total	556.2 (1%)	22.6	578.8

¹ Represents multiple sites.

Europe - individual sites (1000 gigajoules)

2002	Total electricity consumption (% renewable*)	Total natural gas / fuel oil consumption	Total energy consumption
Boeblingen, Germany	85.0 (4%)	23.8	108.8
Waldbronn, Germany	18.7 (4%)	7.6	26.3
Ipswich, UK	52.9 (3%)	28.8	81.7
South Queensferry, UK	57.6 (3%)	22.3	79.9
Total	214.2 (3%)	82.5	296.7

USA - individual sites

San Francisco Bay Area, California (1000 gigajoules)

2002	Total electricity consumption (% renewable*)	Total natural gas / fuel oil consumption	Total energy consumption
Bay Area, SPG ¹	265.3 (26%)	183.2	448.5
Roseville / Folsom	18.0 (50%)	3.6	21.6
California Ave	18.7 (68%)	13.0	31.7
Santa Clara	89.6 (65%)	45.7	135.3
Labs	74.5 (68%)	42.8	117.3
Total	466.1 (43%)	288.3	754.4

Colorado (1000 gigajoules)

2002	Total electricity consumption (% renewable*)	Total natural gas / fuel oil consumption	Total energy
Colorado Springs	139.7 (10%)	63.4	203.1
Loveland	89.3 (0%)	45.0	134.3
Fort Collins	239.8 (30%)	173.9	413.7
Total	468.8 (18%)	282.3	751.1

East Coast (1000 gigajoules)

2002	Total electricity consumption (% renewable*)	Total natural gas / fuel oil consumption	Total energy consumption
Wilmington, DE ¹	43.2 (2%)	3.6	46.8
Rockaway, NJ	15.8 (0%)	9.4	25.2
Total	59.0 (2%)	13.0	72.0

Northwest (1000 gigajoules)

2002	Total electricity consumption (% renewable*)	Total natural gas / fuel oil consumption	Total energy consumption
Lake Stevens, WA	11.9 (69%)	10.8	22.7
Spokane, WA	41.0 (70%)	13.3	54.3
Sonoma County, CA ¹	235.8 (26%)	95.0	330.8
Total	288.7 (34%)	119.1	407.8

¹ Represents multiple sites.

Energy data is presented for fiscal year. Data for the 4th quarter of 2002 is estimated.

*Renewable electricity includes hydroelectric, wind and solar.
Percent renewable = renewable electricity / total electricity use

1 kilowatt-hour = 3.6×10^{-3} gigajoules

- = not available

Integrated data – energy (1000 gigajoules/100 million US\$)

Fiscal year	2000	2001	2002
Total energy/net revenue	30	36	48
Total electricity/net revenue	22	26	34

The energy to net revenue ratios have increased over the last three years. This is due to the fact that, although total energy usage by Agilent is decreasing, it has not decreased at the same rate as our net revenue has decreased. Energy use does not directly correlate to production but instead relates more directly to square footage.

Case study | Infrastructure projects

Despite a difficult year for major capital investments in infrastructure, some of Agilent's manufacturing facilities found low-cost opportunities for saving energy with a very good return on investment.

At our Fort Collins, Colorado, USA site, plant air compressors were interconnected between several buildings to improve the run-time efficiency. The project has led to energy savings of 250,000 kilowatt-hours equating to more than US\$20,000 per year.

Facility engineers at Agilent Laboratories found a way to eliminate dual pumps in an air conditioning secondary chilled water system that serves two buildings. This project has led to anticipated energy savings of 281,000 kilowatt-hours and US\$20,000 per year.

Our Hachioji, Japan site has also been able to make significant energy savings. It improved piping to a thermostatic chamber, leading to savings of US\$18,000 per year.

Water

"Water conservation should be a consideration every day - it is not just an issue in times of water shortage. Good water management decreases the demand we place on our natural, business and financial resources."

Barrie Simpson, Global EHSMS/Environmental Functional Lead

We are committed to water conservation and water management projects around the globe. Although we have not introduced a company-wide water management objective, we have embarked on water conservation programs at many of our sites. These programs typically include water use-reduction efforts such as operational control changes, the use of reclaimed water, and including drought-tolerant plants in landscaping projects.

Operational controls

During our 2002 fiscal year, our Steven's Creek site in Santa Clara, California, USA set an objective to reduce water use. A total of 182,000 gallons per month was saved as a result of shutting down the use of deionized water on weekends and reducing the flow rate on a machine used in production.

Wastewater treatment

Agilent's Fountaingrove Site in Sonoma County, California, USA continues to operate proactively from a wastewater treatment perspective. Our industrial waste discharge permit for our Fountaingrove Wastewater Treatment Plant does not require reporting of self-monitoring results. This is due to the site's outstanding track record and good working relationship with the City of Santa Rosa Industrial Waste Division.

The process water treated at Fountaingrove during 2002 equaled 41 million gallons with 47% (or 19 million gallons) reclaimed. Reclaimed water supplied to six fume scrubbers and a low-humidity cooling tower system are just two of the recent projects that contributed to the outstanding performance. A feasibility study is currently underway to determine cost and water conservation benefits of installing a new system to provide the main cooling tower system with 100% off-season reclaimed wastewater and a blend during peak summer demand.

As a result of these, and other, efforts, ISO 14001 environmental auditors recently commended the Fountaingrove wastewater treatment facility for operational excellence.

Discharges to water

Agilent collects information on significant discharges to water across its worldwide operations. These are collated on a local basis and according to local requirements. We are currently discussing the issues and value associated with merging these measurements into a global record.

Water consumption worldwide (1000 cubic meters)

Fiscal year ¹	2000	2001	2002
Total water use for operations ²	4065	3960	3563
Total water use for irrigation	-	473	498
Total water use ³	4065	4433	4061
Water recycled from operations (percentage recycled*)	316 (8%)	228 (6%)	354 (10%)

Regional breakdown

Asia Pacific (1000 cubic meters)

Fiscal year ¹	2000	2001	2002
Total water use for operations	-	1261	1008
Total water use for irrigation	-	0	3
Total water use	1316	1261	1011
Water recycled from operations (percentage recycled*)	0 (0%)	1 (0%)	57 ⁴ (6%)

Europe (1000 cubic meters)

Fiscal year ¹	2000	2001	2002
Total water use for operations	-	180	169
Total water use for irrigation	-	0	1
Total water use	184	180	170
Water recycled from operations (percentage recycled*)	2 (1%)	0 (0%)	0 (0%)

USA (1000 cubic meters)

Fiscal year ¹	2000	2001	2002
Total water use for operations	-	2519	2386
Total water use for irrigation	-	473	494
Total water use	2565	2992	2880
Water recycled from operations (percentage recycled*)	314 (12%)	227 (9%)	297 (12%)

¹ Water data is presented for fiscal year. Data for the 4th quarter of 2002 is estimated.

² The overall reduction in water use for operations from 2001 to 2002 is due to general decreases in production, square footage and number of employees. There were also conservation or recycling projects implemented at some sites.

³ There is not a significant observable trend in total water use over the last three years. This is due, in part, to changes in the data collection process from 2000 to 2001. Total water use for irrigation was not collected in 2000, our first year of data collection, and it is not clear how this impacted the total water use figures for that year. We have identified water as an area for improved data collection and understanding and will be working on this in the year to come.

⁴ 2002 increase in water recycled from operations is due to improvements in measuring and under reporting in previous years.

* Percentage recycled = Water recycled from operations/Total water use for operations.

- = not available

Asia Pacific - individual sites (1000 cubic meters)

2002	Total water use for operations	Total water use for irrigation	Water recycled from operations	Total water use
Hachioji, Japan	45	0	0	45
Kobe, Japan	24	0	0	24
Shanghai, China	11	0	0	11
Penang, Malaysia	688	3	0	691
Singapore ¹	241	0	57 ²	241
Total	1008	3	57	1011

¹ Represents multiple sites.

² 2002 increase in water recycled from operations is due to improvements in measuring and under reporting in previous years.

Europe - individual sites (1000 cubic meters)

2002	Total water use for operations	Total water use for irrigation	Water recycled from operations	Total water use
Boeblingen, Germany	55	1	0	56
Waldbronn, Germany	16	0	0	16
Ipswich, UK	64	0	0	64
South Queensferry, UK	34	-	0	34
Total	169	1	0	170

USA - individual sites**San Francisco Bay Area, California** (1000 cubic meters)

2002	Total water use for operations	Total water use for irrigation	Water recycled from operations	Total water use
Bay Area, SPG ¹	719	20	72	739
Roseville / Folsom	0	0	0	0
California Ave	25	0	0	25
Santa Clara	107	48	0	155
Labs	118	9	9	127
Total	969	77	81	1046

Colorado (1000 cubic meters)

2002	Total water use for operations	Total water use for irrigation	Water recycled from operations	Total water use
Colorado Springs	142	52	0	194
Loveland	117	62	0	179
Fort Collins	671	0	146	671
Total	930	114	146	1044

East Coast (1000 cubic meters)

2002	Total water use for operations	Total water use for irrigation	Water recycled from operations	Total water use
Wilmington, DE ¹	16	0	0	16
Rockaway, NJ	2	0	0	2
Total	18	0	0	18

Northwest (1000 cubic meters)

2002	Total water use for operations	Total water use for irrigation	Water recycled from operations	Total water use
Lake Stevens, WA	8	0	0	8
Spokane, WA	176	109	0	285
Sonoma County, CA ¹	285	194	70	479
Total	469	303	70	772

¹ Represents multiple sites

Water data is presented for fiscal year. Data for the 4th quarter of 2002 is estimated.

- = not available

Integrated data - water (1000 cubic meters/100 million US\$)

Fiscal year	2000	2001	2002
Total water useage for operations/net revenue	38	47	59

Although total water usage for operations has decreased from 2000 to 2002, it has not decreased as significantly as net revenue. This is because water usage does not directly correlate with production but instead correlates more directly with Agilent's square footage and number of employees.

Case study | Reverse osmosis

Reverse osmosis water purification is used at several Agilent sites across the globe since it removes many of the major contaminants found in water.

Unfortunately, the process leads to a high rate of rejected water containing the main contaminants. Agilent has been looking at ways of 'recovering' the non-hazardous, rejected water as a means of reducing this waste.

Our Penang, Malaysia site has started recycling reverse osmosis reject water that was previously channeled into the drain. The recycled water is now mainly being used for landscaping and housekeeping purposes.

The Fort Collins, Colorado, USA site has worked with the City of Fort Collins to negotiate the reuse of brine water generated during reverse osmosis. Previously discharged to the wastewater treatment system, an estimated one million gallons of water per month from the site is now being channeled into the irrigation system.

Biodiversity

"Minimizing the impact that our facilities have on local ecosystems is a fundamental to our commitment to the environment. Some Agilent sites have created wildlife habitats to promote and maintain biodiversity and provide education opportunities for staff and members of the local communities."

Ian McIntosh, EHS Manager, Europe

Agilent is aware that large companies can impact the diversity of the environment. We are working at a local level to care for the areas that surround our sites and on a global level to reduce the impact of our operations, products and services on the environment.

Many of the biodiversity projects within Agilent were initiated through the voluntary efforts of our employees. The last year has seen a variety of events aimed at bringing biodiversity issues to the forefront for employees and other stakeholders.

Employees at sites around the globe have taken part in activities to celebrate Earth Day, several of which included tree planting and landscaping to promote biodiversity.

As part of the campaign, Chairman, President and Chief Executive Officer Ned Barnholt planted trees at Agilent sites in Colorado, USA and reiterated the company's commitment to environmental sustainability.

That commitment is further exhibited by a range of ongoing projects throughout the Company. For example, at our South Queensferry, Scotland, UK site we have a wildlife garden that continues to have regular visits from students at the local primary school. The school has included a trip to our wildlife garden in its curriculum as it is a secure and managed environment, with less pollution than other local nature areas.

Case study | Cone collecting

Agilent's dedication to landscaping its sites is reaping an unexpected reward at the Spokane facility in Washington State, USA.

Local ecology experts discovered that the Jeffrey pines on the Agilent site were ideal for the reforestation of slopes in the Pacific Northwest of the USA damaged by fire, ice storms and insects. The pine is a drought-tolerant, long-living tree that was cultivated on the site by Agilent's landscapers.

With the help of Agilent staff, the conservationists have been harvesting the pine cones, carefully heating them to release the seeds, and then replanting them in special conservation nurseries.

As a result of the project, Washington State University is studying Agilent's landscaping practices as a model for other businesses.

Case study | Big Elk fire

Agilent's Hermit Park recreation facility in Colorado, USA became a temporary fire-fighting base camp in July 2002 as the Big Elk fire spread through Northern Colorado. At its height, the fire was classified as the number one wildfire in the state.

At the request of the USA National Forest Service, the recreation area was used as a base camp for the fire fighters and refueling station for the helicopters being used to douse the flames. Agilent personnel were closely involved in the support effort as fire fighters brought the 4,100-acre fire under control. Agilent staff operated the facilities at the park, such as the water system, showers and the walk-in cooler, to provide assistance in the fire-fighting effort.

Throughout one of the worst wildfire seasons in Colorado in recent years, Agilent and its employees assisted with the fire fighting efforts in a number of ways. Statewide, employee members of the Amateur Radio Emergency Services assisted county officials in providing communications for fire camps, shelters and other agencies. Collections of supplies for fire fighters including toothpaste, lotions, and gloves, were organized at several Agilent sites. And, numerous employees worked through their own volunteer organizations to assist where possible.

Emissions

"Quality was the watchword for business in the 20th century; now the watchword is sustainability. Fundamentally, the same quality principles that eliminate product defects and delight our customers will make us more efficient and a better corporate citizen."

Jim Horner, Vice President, Quality and Engineering Services

Agilent is committed to the reduction of emissions, effluent and waste throughout our business. We have a range of policies, programs and objectives in place to help us monitor and improve in these areas.

Greenhouse gas emissions

We have set an objective of improving our calculations of our CO₂ emissions by the end of 2003 in order to report on them the following year. The process is complicated since a number of different reporting protocols and emission factors are being developed across the globe - with no consistent standard in place. With this in mind, we are currently investigating various guidelines produced by industry, governmental and non-governmental organizations to determine which is most suitable for the reporting of our total greenhouse gas emissions. At present we track energy use in terms of kilowatt-hours and joules. This includes how much fuel oil and natural gas we burn.

Reducing the emission of greenhouse gases, such as perfluorocompounds (PFCs), poses a technical challenge to semiconductor manufacturers. A joint announcement by the Semiconductor Industry Association (SIA) and the USA Environmental Protection Agency (EPA) pledged to reduce annual PFC emissions below 1995 baselines by 2010. Agilent signed this Memorandum of Understanding (MOU) in 2000. We continue to support the agreement and we are working toward meeting the target levels. Our semiconductor sites are tracking the emission of six greenhouse gases and reporting the USA portion to the EPA. The reporting process is conducted via a third party that summarizes the emissions from the USA companies that have signed the MOU.

The six gases being tracked are:

- Hexafluoroethane (Halocarbon 116) - C₂F₆
- Tetrafluoromethane (Halocarbon 14) – CF₄
- Trifluoromethane (Halocarbon 23) – CHF₃
- Sulfur Hexafluoride – SF₆
- Nitrogen Trifluoride – NF₃
- Perfluoropropane – C₃F₈

Ozone-depleting substances

Agilent has eliminated the use of chlorofluorocarbons (CFCs) in its manufacturing operations. We are committed to eliminating the use of CFCs in air conditioning systems, process chillers and environmental chambers by the end of 2006.

Indirect impacts

One of Agilent's indirect impacts is from the estimated 240 million miles flown by Agilent business travelers worldwide in 2002, which contributed a release of more than 50 kilotons.

The miles driven using the company's automobile fleet and miles traveled by employees on their way to and from work have not been quantified to date.

Air emissions worldwide (metric tons)

Calendar year	2000	2001	2002
Total	28	21	- ¹
Asia Pacific	22	12	7 ²
Europe	2	0	0
USA ¹	4	9 ³	- ¹

Employee air travel (miles)

Fiscal year⁴	2000	2001	2002
Total	475,667,000	312,420,000	244,215,000

Employee air travel (kilotons CO₂)

Fiscal year⁴	2000	2001	2002
Total ⁵	111	73	57

¹ USA air emissions data was reported for incorrect years in prior reports (ie, Calendar year 2000 data was reported as 2001 data). This discrepancy has been corrected above. USA data for 2002 is not yet available and will be reported in our 2003 report.

² Data for Asia Pacific decreased from 2000 to 2002 due to a combination of factors including reduced solvent usage, decreased production, changes in operational controls, and changes in sampling and data estimation.

³ Data for the USA increased from 2000 to 2001 due to increased production at the Santa Clara site, which caused the site to exceed a reporting threshold.

⁴ Air travel data is for fiscal year. The last month of 2002 data is estimated.

⁵ The conversion factor used to calculate this data is 0.145kg CO₂ per passenger kilometer. Our distance data is a mix of short- and long-haul airline trips, so the conversion factor used is an average of those recommended by the GHG Protocol Initiative.

- = not available

Case study | Earth Day

Agilent employees around the globe helped celebrate Earth Day on April 22, 2002. Several Asia Pacific operations focused their activities on the need for cleaner air and efforts to reduce emissions to air.

Singapore employees kicked off Earth Week activities with a cycling event, followed by a nature walk later in the week. Their colleagues in Japan joined them by pledging to leave their cars at home for Car-Free Day.

Agilent encouraged its employees around the globe to organize activities for Earth Day and become involved with community-based events.

Case study | Good TH!NKing

Working with Workplace Services Facilities and Program Manager Joe Grammatico, Agilent Security at the Stevens Creek site in Santa Clara, California, USA obtained several new electric Ford TH!NK neighbors for patrol services and facilities use.

The TH!NK neighbor looks similar to a golf cart, but it is legal on the streets, able to climb hills and can reach speeds of up to 35 miles per hour. It is environmentally friendly, yet maneuverable, which is why the vehicle is ideal for providing patrol services for a large site such as Santa Clara.

The Ford TH!NK's fully electric engine means no fuss, no mess and no emissions. Just plug the onboard charger into any standard 110/120v outlet and a single, eight-hour charge allows it to drive up to 30 miles. The TH!NK is cost effective for Agilent. A full charge for the TH!NK neighbor costs about 50 cents, about a third of the equivalent cost of gasoline. The vehicles have allowed Agilent to provide additional security coverage at little or no added cost to the company.

Waste

"Agilent's innovative waste management projects have once again been recognized as exemplary in their field. It is an area of environmental responsibility that really generates interest from all of our employees."

Roy West, Global EHS Manager

Our waste management program is designed to:

- Responsibly manage the handling, storage and final disposal of chemical and solid waste
- Reduce the amount of chemical and solid waste generated by our manufacturing operations.

Agilent has been working toward an objective of 5% reduction in chemical waste to landfill on an annual basis by the end of April 2003. This process is on track. Manufacturing sites in the USA, Singapore, Malaysia, and Japan have developed and begun the implementation of plans to reduce their chemical waste to landfill. In addition, we are currently deploying hazardous and specialty waste contracts on a global basis, and improving our waste vendor contract management process and our ability to track and report waste management activities.

Electronic scrap

Within Agilent, we have a used and obsolete office equipment contributions process to ensure that computers, printers, fax machines and similar equipment are reused or recycled and portions of these items are given away in the form of charitable donations.

Electronic scrap from customers or our operations that cannot be reused is sent for disassembly and recycling. This includes a broad range of scrap such as computer systems, telephones, printers, copy machines, test and measurement equipment, video cassette recorders, and cell phones. Currently we have a nation-wide vendor for processing the electronic scrap in the USA, Micrometallics. In 2002 Agilent sites in the USA recycled 845,900 pounds of electronic scrap, according to data provided by Micrometallics.

Did you know...

Agilent accepted an award from the USA Environmental Protection Agency in May 2002 for addressing air pollution through its Bay Area Commute Alternatives Program in California, USA.

Waste data worldwide (metric tons)

Calendar year ¹	2000	2001	2002
Total waste produced ²	22702	13831*	10779
Total waste landfilled	10215	5327*	3418
Total chemical waste ³	1097	850*	748
Chemical waste treated	83	83	53
Chemical waste incinerated	229	183	189
Chemical waste landfilled	152	73	81 ⁵
Chemical waste recycled	633	511	425
Total solid waste ⁴	21605	12981*	10031
Solid waste incinerated	1262	729	606
Solid waste landfilled	10063	5254*	3337
Solid waste recycled	10280	6998*	6088

Regional breakdown

Asia Pacific (metric tons)

Calendar year ¹	2000	2001	2002
Total waste produced ²	6792	3413	2832
Total waste landfilled	4450	1427	1012
Total chemical waste ³	224	156	180
Chemical waste treated	34	25	16
Chemical waste incinerated	86	61	49
Chemical waste landfilled	14	13	71 ⁵
Chemical waste recycled	90	57	44
Total solid waste ⁴	6568	3257	2652
Solid waste incinerated	420	364	330
Solid waste landfilled	4436	1414	940
Solid waste recycled	1712	1479	1382

Europe (metric tons)

Calendar year ¹	2000	2001	2002
Total waste produced ²	2504	2073 *	2043
Total waste landfilled	813	542 *	445
Total chemical waste ³	57	63	29
Chemical waste treated	7	29	10
Chemical waste incinerated	25	23	13
Chemical waste landfilled	12	3	0
Chemical waste recycled	13	8	6
Total solid waste ⁴	2447	2010	2014 ⁶
Solid waste incinerated	59	194	122
Solid waste landfilled	801	539 *	445
Solid waste recycled	1587	1277 *	1447

USA (metric tons)

Calendar year ¹	2000	2001	2002
Total waste produced ²	13406	8345 *	5904
Total waste landfilled	4952	3358 *	1962
Total chemical waste ³	816	631	539
Chemical waste treated	42	29 *	27
Chemical waste incinerated	118	99	127
Chemical waste landfilled	126	57 *	10
Chemical waste recycled	530	446 *	375
Total solid waste ⁴	12590	7714	5365
Solid waste incinerated	783	171 *	154
Solid waste landfilled	4826	3301 *	1952
Solid waste recycled	6981	4242 *	3259

¹ Waste data is presented for the calendar year. Data for the 4th quarter of 2002 is estimated.

² Total waste produced is calculated by adding total chemical waste and total solid waste tonnage.

³ 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.

⁴ 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.

⁵ This number includes 58 metric tons of chemical waste generated at our Penang site between 1995 and 1997. The waste was stockpiled onsite pending the availability of an acceptable disposal facility. The waste was disposed of this year once a facility became available.

⁶ Solid waste from operations decreased in Europe from 2001 to 2002. The total solid waste number stayed constant, however, due to 400 metric tons of concrete construction waste at our Boeblingen site.

* These numbers differ from those reported in the 2001 Environment and Social Responsibility Report. The numbers provided here represent actual figures. The numbers provided in the 2001 report were estimated.

Asia Pacific - individual sites (metric tons)

Calendar year 2002 ¹

	Hachioji Japan	Kobe Japan	Shanghai China	Penang Malaysia	Singapore ⁶	Total
Total waste produced ²	631.4	126.4	10.0	1562.0	502.6	2832.4
Total waste landfilled	0.0	8.5	10.0	951.0	42.0	1011.5
Total chemical waste ³	3.4	0.4	0.0	102.0	74.0	179.8
Chemical waste treated	0.3	0.0	0.0	0.0	15.3	15.6
Chemical waste incinerated	1.1	0.2	0.0	0.0	47.6	48.9
Chemical waste landfilled	0.0	0.0	0.0	61.0 ⁵	10.2	71.2
Chemical waste recycled	2.0	0.2	0.0	41.0	0.9	44.1
Total solid waste ⁴	628.0	126.0	10.0	1460.0	428.6	2652.6
Solid waste incinerated	87.0	9.2	0.0	0.0	234.2	330.4
Solid waste landfilled	0.0	8.5	10.0	890.0	31.8	940.3
Solid waste recycled	541.0	108.3	0.0	570.0	162.6	1381.9

¹ Waste data is presented for the calendar year. Data for the 4th quarter of 2002 is estimated.

² Total waste produced is calculated by adding total chemical waste and total solid waste tonnage.

³ 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.

⁴ 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.

⁵ This number includes 58 metric tons of chemical waste generated at our Penang site between 1995 and 1997. The waste was accumulated on site because there was no acceptable disposal facility until recently.

⁶ Represents multiple sites.

Europe - individual sites (metric tons)

Calendar year 2002 ¹

	Boeblingen Germany	Waldbronn Germany	Ipswich UK	South Queensferry UK	Total
Total waste produced ²	1089.0	233.3	190.6	530.0	2042.9
Total waste landfilled	0.1	15.2	120.0	310.0	445.3
Total chemical waste ³	3.0	13.3	13.0	0.0	29.3
Chemical waste treated	1.4	5.1	3.6	0.0	10.1
Chemical waste incinerated	0.2	3.1	9.4	0.0	12.7
Chemical waste landfilled	0.1	0.2	0.0	0.0	0.3
Chemical waste recycled	1.3	4.9	0.0	0.0	6.2
Total solid waste ⁴	1086.0 ⁵	220.0	177.6	530.0	2013.6
Solid waste incinerated	98.0	24.0	0.0	0.0	122.0
Solid waste landfilled	0.0	15.0	120.0	310.0	445.0
Solid waste recycled	988.0	181.0	57.6	220.0	1446.6

¹ Waste data is presented for the calendar year. Data for the 4th quarter is estimated.

² Total waste produced is calculated by adding total chemical waste and total solid waste tonnage.

³ 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.

⁴ 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.

⁵ Solid waste from operations decreased from 2001 to 2002. The total solid waste number, however, increased due to 400 metric tons of concrete construction waste.

USA - individual sites

San Francisco Bay Area, California (metric tons)

Calendar year 2002 ¹

	Bay Area SPG *	Roseville / Folsom	California Ave	Santa Clara	Labs	Total
Total waste produced ²	528.2	331.5	133.1	743.8	187.1	1923.7
Total waste landfilled	183.4	100.1	43.4	240.3	93.4	660.6
Total chemical waste ³	64.7	6.2	7.2	144.9 ⁵	34.7	257.7
Chemical waste treated	2.8	0.9	0.0	0.8	15.4	19.9
Chemical waste incinerated	5.6	4.3	0.9	16.0	13.1	39.9
Chemical waste landfilled	2.0	1.0	0.0	1.8	1.0	5.8
Chemical waste recycled	54.3	0.0	6.3	126.3	5.2	192.1
Total solid waste ⁴	463.5	325.3	125.9	598.9	152.4	1666.0

Solid waste incinerated	0.0	0.5	0.0	0.0	0.0	0.5
Solid waste landfilled	181.4	99.1	43.4	238.5	92.4	654.8
Solid waste recycled	282.1	225.7	82.5	360.4	60.0	1010.7

Colorado (metric tons)

Calendar year 2002 ¹

	Colorado Springs	Loveland	Fort Collins	Total
Total waste produced ²	718.9	533.3	399.6	1651.8
Total waste landfilled	324.8	187.8	117.9	630.5
Total chemical waste ³	9.5	0.8	71.2	81.5
Chemical waste treated	0.0	0.0	2.0	2.0
Chemical waste incinerated	6.8	0.5	62.6	69.9
Chemical waste landfilled	0.0	0.0	0.0	0.0
Chemical waste recycled	2.7	0.3	6.6	9.6
Total solid waste ⁴	709.4	532.5	328.4	1570.3
Solid waste incinerated	0.0	0.0	0.0	0.0
Solid waste landfilled	324.8	187.8	117.9	630.5
Solid waste recycled	384.6	344.7	210.5	939.8

East Coast (metric tons)

Calendar year 2002 ¹

	Wilmington, DE *	Rockaway, NJ	Total
Total waste produce ²	461.9	261.2	723.1
Total waste landfilled	197.1	38.7	235.8
Total chemical waste ³	87.9	5.1	93.0
Chemical waste treated	0.0	0.0	0.0
Chemical waste incinerated	4.4	3.2	7.6
Chemical waste landfilled	0.0	0.3	0.3
Chemical waste recycled	83.5	1.6	85.1
Total solid waste ⁴	374.0	256.1	630.1
Solid waste incinerated	0.0	7.3	7.3
Solid waste landfilled	197.1	38.4	235.5
Solid waste recycled	176.9	210.4	387.3

Northwest (metric tons)

Calendar year 2002 ¹

	Lake Stevens, WA	Spokane, WA	Sonoma County, CA *	Total
Total waste produced ²	64.3	299.1	1241.4	1604.8
Total waste landfilled	12.0	0.0	422.8	434.8
Total chemical waste ³	0.3	10.6	95.8	106.7
Chemical waste treated	0.0	0.6	4.1	4.7
Chemical waste incinerated	0.2	2.0	7.4	9.6
Chemical waste landfilled	0.0	0.0	3.9	3.9
Chemical waste recycled	0.1	8.0	80.4	88.5
Total solid waste ⁴	64.0	288.5	1145.6	1498.1
Solid waste incinerated	0.0	146.3	0.0	146.3
Solid waste landfilled	12.0	0.0	418.9	430.9
Solid waste recycled	52.0	142.2	726.7	920.9

* Represents multiple sites

¹ Waste data is presented for the calendar year. Data for the 4th quarter is estimated.

² Total waste produced is calculated by adding total chemical waste and total solid waste tonnage.

³ 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.

⁴ 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.

⁵ Volume of chemical waste produced at Santa Clara is greater than other sites due to biosciences operations on site.

Integrated data - waste (metric tons/100 million US\$)

	2000	2001	2002
Total waste/net revenue	210	165	179
Total chemical waste/net revenue	10	10	12
Total solid waste/net revenue	201	155	167

Waste data is for calendar year, however, net revenue is for fiscal year. Therefore, the ratios do not illustrate a direct comparison. What they do illustrate are trends in waste produced versus net revenue. Although total waste produced, total chemical waste and total solid waste all declined over the last three years, from 2001 to 2002 they did not decrease at the same rate as net revenue.

Case study | Food service waste management

In early 2002, Agilent employees in the USA raised concerns regarding the type and volume of solid waste generated by our cafeteria operations. The feedback led to a review of the environmental impacts of our food service in the USA and the introduction of a number of measures designed to limit the potentially negative impacts.

Concerns were raised after a decision was made to move to one USA-wide food service vendor. Employees felt that the move meant that more could be done to improve waste management and our Global Workplace Services (WPS) organization and food service vendor responded to the request.

WPS has been working with the supplier to reduce waste across the food service operation. For example, a range of initiatives has been launched to educate employees on the importance of using 'permanent' cups rather than disposable, non-biodegradable cups. Also, biodegradable products were tried out at one of our sites but, to date, the results have not been satisfactory. At another site, the supplier has removed a number of large pieces of aluminium and plastic equipment (ie aluminium carts and warming cabinets) for recycle or reuse.

The project is very much work-in-progress, but there has been a good response from the supplier and positive feedback from our employees.

Case study | WRAP award

In September 2002, a number of Agilent sites in California, USA were commended for their waste management programs. These sites were Sonoma County, Newark, San Jose, Agilent Labs, and the Stevens Creek and Bowers Avenue sites in Santa Clara. An Agilent supplier - Somers Building Maintenance, Inc. - also received the award for their efforts in managing Agilent's program.

The sites were honored by the California Waste Management Board in the 2002 Waste Reduction Awards Program (WRAP), making them winners for the second year running.

The prize was given to Agilent for its success at diverting solid waste from landfill. For example, over 67% of the solid waste produced at the Sonoma County site during the previous year was recycled or reused.

Products and services

"Our business is about technological innovation. It's what we do best. Part of that process includes developing products and services that have a reduced impact on the environment."

Bill Sullivan, Executive Vice President and Chief Operating Officer

It is our policy to provide products and services that meet legal and regulatory requirements, including applicable environmental standards. In some instances, we exceed local standards and regulations due to customer expectations or our adherence to stricter global standards. We also provide our expertise in the development and updating of international standards that have significant importance to our industry and customers.

Environmental standards for products and services are part of our Environmental, Health and Safety Management System (EHSMS). The EHSMS includes periodic audits of our product stewardship programs.

Our products and services are assessed across their lifecycles to minimize their negative environmental impacts. We also work with suppliers and customers to promote the responsible disposal of products when they are no longer needed.

Over the last year, we have:

- Completed a lifecycle analysis of a representative Agilent Test and Measurement product. This lifecycle analysis gives us a better understanding of our products' environmental impacts associated with their materials, manufacture, use and disposal. This knowledge will enable us to develop objectives and programs to address our products' environmental impacts in a way that benefits our customers and our business, as well as the environment.
- Continued to develop products and services that contribute to environmental sustainability. You can read case studies about our products for the fuel cell industry and ozonation of water in this report.
- Announced an alliance with a UK-based company that will allow Agilent to expand its EHS technology offerings. As a result of the agreement, we will be able to offer testing instrumentation and support, to monitor air quality, to customers across Europe.
- Further developed our Purchase Alternatives initiative, which allows customers a range of alternatives for purchasing Agilent products. These include refurbished equipment options, our trade-in program, leasing and financing plans, and equipment rental. The initiative allows customers to effectively acquire, manage and recycle equipment. This year has once again seen a significant growth in our product trade-in and remarketing business:

Purchase Alternatives initiative

Fiscal year	Refurbished products sold*	Growth
1999	3,000	29%
2000	5,200	73%
2001	6,350	22%
2002	9,660	52%

* This includes returned products received during our fiscal year. Sources are back-off lease, trade-in, customer returns, demonstration equipment, loans, etc.

Case study | Fuel cells

Agilent's chemical analysis products will help us breathe cleaner air in the future. An excellent example is their use in accelerating the efficiency of fuel cell development. Fuel cells use an electrochemical process to convert oxygen and hydrogen into electrical power, which means that they are environmentally preferable to traditional power sources, such as the combustion engine used in automobiles. Agilent's analyzer provides support for this technology.

One of the difficulties with the fuel-cell process is that pure hydrogen does not occur naturally and generating it through a separate process can be expensive. As a result, most fuel-cell systems rely on converting hydrocarbons into a hydrogen-rich gas that can then be filtered to the required level.

The hydrogen has to be extremely pure to satisfy the sensitive nature of most low-temperature fuel cells. Agilent's Life Sciences and Chemical Analysis (LSCA) group has developed a fast and accurate means of analyzing the gases formed within the fuel-cell processors. The product allows fuel-cell manufacturers to make subtle adjustments to the gas mixture so that the power can be produced efficiently - and in an environmentally friendly manner.

Case study | Ozonation

Agilent products are making the water-treatment process more efficient.

Scientists in our Life Sciences and Chemical Analysis (LSCA) group have developed a technique to make one of the traditional disinfection processes - ozonation - more effective. While ozonation works well in killing off harmful bacteria, it can also create potentially carcinogenic by-products, such as bromate. Traditional means of dealing with bromates have been cumbersome, time-consuming and difficult to automate.

LSCA has created a solution that allows trace elements of bromate to be detected in water using a rapid, automated process.

Did you know...

Agilent's Life Sciences and Chemical Analysis has developed products that allow scientists to 'sniff out' and remove trace amounts of sulfur and other dangerous compounds. Sulfur has a range of uses, from medicines to gunpowder, but can be harmful to the environment or cause detrimental health effects when combined with certain other elements.

Social performance highlights

Social achievements during 2002 include:

- *Fortune* magazine ranked Agilent number 31 in the 2002 list of '100 Best Companies to Work For'
- We won the USA's highest honor for voluntary community service - The President's Community Volunteer award
- Our Chairman, President and Chief Executive Officer Ned Barnholt was profiled by DiversityInc.com after being recognized by its readers as a corporate diversity leader
- Our Diversity Made Real initiative was featured in *Fortune* magazine's Diversity Supplement - *Talking to Diversity Experts*, September 20, 2002
- We gave equipment grants to 34 universities around the globe. The grants total US\$4.9 million, with 12 going to life sciences laboratories and 22 to telecommunications laboratories
- We granted US\$1.4 million directly to various science education and health and human services good causes around the globe
- We expanded our Agilent After School hands-on science program to reach several thousand more junior-high-school-age students around the world
- We increased participation in the USA and Canada to our Employee Giving Campaign by 28% compared to 2001.
- We implemented our new customer data privacy policy and updated our employee data privacy policy to ensure compliance with worldwide data privacy laws and that we protect the privacy of our customers and employees
- Nearly 11,000 Agilent employees took part in our latest survey of workplace practices and attitudes toward the company (April 2002)
- Approximately 11,000 employees and managers responded to a survey designed to gauge the quality of service provided by Human Resources (September 2002).

Employment

"Our aim is to make Agilent a great place to work. This means winning business strategies in which each employee sees their role. This means engaged employees who feel that they are treated with dignity and respect."

Jean Halloran, Senior Vice President, Human Resources

Despite difficult economic conditions over the past year, we have continued working toward our goal of making Agilent an employer of choice across the globe. The aim is to provide employees with a working environment that they find challenging and enjoyable.

We contribute to that environment by hiring some of the best people in their respective fields and encouraging open communication and feedback with management. Our mix of experiences and cultures that comes together in Agilent create an effective organization that embraces the wider community in which we live and work.

The economic downturn during 2002 has meant that we have had to downsize some of our operations, resulting in the loss of a number of employees. Such decisions are not taken lightly and we are striving to grow the business once more.

Work-life balance

A good work-life balance is actively promoted within the company. We encourage employees to take advantage of a range of programs that might contribute toward this goal. These include:

- **Flexible work arrangements.** Just under a fifth of Agilent employees work flexible hours outside of the traditional Monday-to-Friday pattern. These include part-time, telecommuting, job shares and variable work schedules.
- **Flexibility practices.** Employees can use our time-off programs to take paid time-off. Time-off may be used for a variety of reasons, such as rest and recreation, vacation, personal business, personal illness or the illness of family members.
- **Reinventing work.** This program provides a framework for managers and employees to address job demands and work-pressure issues with a view toward a better work-life balance.
- **Dependent care resource and referral.** Employees who have dependent care responsibilities for children, elders, people with disabilities and others can turn to Agilent for a variety of resources and referral services.
- **Working parent networks.** Agilent supports a variety of working parent networks through which employees share resources, tools and other services.

Wages and benefits

Our compensation packages include competitive pay, opportunities for bonuses and a number of non-financial benefits. These range from medical care to length-of-service awards. Staff can participate in the Results Bonus Program that rewards the achievement of performance goals.

We have a strong belief in the virtues of employee ownership and have an employee stock purchase program in countries where the local legislation allows.

Agilent's executive compensation packages are composed of pay, stock and benefits. Each year, the Compensation Committee assesses individual performance and surveys executive compensation practices among Agilent's peer group before making its recommendations on compensation.

Individual performance of executives is measured against a range of factors, including:

- Long-term strategic goals
- Customer satisfaction
- New business creation
- Employee development
- The fostering of teamwork and other Agilent values.

You can read more about our executive compensation policies and practices in our Proxy Statement.

Good place to work

Throughout these turbulent times, we have never lost sight of our commitment to make Agilent a better place to work. Over the past year, our employment policies and programs have once again won us a number of 'best place to work' awards:

- *Fortune* magazine ranked Agilent number 31 in the 2002 list of '100 Best Companies to Work For.' It is the second year in a row that Agilent has made the list, climbing up from number 46 last year
- The *Sunday Times* newspaper in the UK ranked Agilent number 39 in its annual '100 Best Companies to Work For in the UK' survey
- Agilent India ranked sixth in a best employer survey by India's premier financial magazine, *Business Today*, and Hewitt Associates
- Agilent Italy was recognized as a great place to work by the country's financial daily newspaper, *Il Sole 24 Ore*
- Agilent Australia was named one of the best employers in the country in a Hewitt Associates survey
- Agilent ranked number 16 out of 150 companies in a Colorado, USA survey of family-friendly companies
- *Working Mother* magazine in the USA also named Agilent as one of the 100 Best Companies for Working Mothers

- Agilent was named 'Best Company to Work For' in the San Francisco, California, USA area in a contest sponsored by *CityFlight*, a publication for African-Americans
- Agilent Mexico was named as one of the best 20 companies to work for in the country by local business magazine *Expansion*
- *Manager Magazin*, one of Germany's most respected monthly business magazines, ranked Agilent as the 11th most attractive employer among young engineers.

Employees

	2000	2001	2002
Worldwide	47000	41400	36000
Asia Pacific	12900	12200	11700
Europe	8200	7500	6600
Americas	25900	21700	17700

Worldwide - employment creation 2002

	Regular employment	Internal temporary workers	Total
Number of jobs created	1367	167	1534

Worldwide - employment turnover 2002

	Number of employees	Ratio of full-time employees
Total terminations	6847	16.5%

Asia Pacific - employment creation 2002

	Regular employment	Internal temporary workers	Total
Number of jobs created	690	99	789

Asia Pacific - employment turnover 2002

	Number of employees	Ratio of full-time employees
Total terminations	1306	10.7%

Europe - employment creation 2002

	Regular employment	Internal temporary workers	Total
Number of jobs created	224	62	286

Europe - employment turnover 2002

	Number of employees	Ratio of full-time employees
Total terminations	1046	13.9%

Americas - employment creation 2002

	Regular employment	Internal temporary workers	Total
Number of jobs created	453	6	459

Americas - employment turnover 2002

	Number of employees	Ratio of full-time employees
Total terminations	4495	20.7%

Employment numbers are as of the end of each fiscal year (end of October).

Case study | Employee survey

Our employees across the globe participated in the third annual beAgilent employee survey conducted in April 2002. Just over 11,000 individuals were randomly selected to take part in the survey, forming a sample that was representative of our business divisions and geographic spread.

The anonymous survey was conducted online and required respondents to answer 26 questions on life as an Agilent employee. This year's participants were also able to include their own comments.

The survey results provide an annual indication of how employees feel toward the company - and how those feelings might impact the workplace culture and customer service. The results are used throughout the company to guide management practices, and improve the effectiveness of the organization and the relationship of employees to the company.

Overall, employee attitudes were slightly less favorable than they were last year - likely affected by the downsizing program that we have had in recent times. Despite this, the results were more favorable than they were in the 2000 survey and significantly better than those recorded by other high-tech companies or those identified as high-performing companies.

"The fact that our results dropped from last year in four categories is disappointing, but not surprising, given the unprecedented challenges we faced last year," said Ned Barnholt, Agilent Chairman, President and Chief Executive Officer. "At the same time, it is rewarding to see that our employees' commitment has remained strong relative to other companies. This is reinforcement that we have great people committed to our products, services and customers."

Did you know...

A new video, available to Agilent employees over the web, discusses diversity as being essential for real innovation – and innovation as being necessary for the creation of wealth.

Labor/management relations

"The economic downturn has been difficult for Agilent's business and its people. We've tried to minimize the disruption to individuals in these times by working closely and sensitively with all our staff."

Ned Barnholt, Chairman, President and Chief Executive Officer

Agilent's goal is to maintain a good-quality relationship between employees and management regardless of the economic conditions in which the business is operating.

Tough decisions

A tough economic environment sometimes requires equally tough decisions to be taken regarding the future of some employees. In such situations, we try to minimize disruption to jobs and institute practices that treat our employees, those leaving the company as well as those remaining, with respect and dignity.

Workforce management program

Because of the economic downturn, Agilent reduced the number of employees by approximately 8,000 between mid-2001 and the end of 2002. In August 2002 we announced additional reductions in Agilent employees that will lower our workforce by about another 2,500 people. We introduced a workforce management program aimed at helping employees through a tumultuous period. The program offered those that were leaving the company a temporary income replacement scheme and aided them with external job searches. The aim is to smooth the transition process, while continuing to treat employees - past and present - with dignity and respect.

We recognize that watching friends and colleagues leave the business is a difficult process and management teams have had an important role to play in maintaining the morale of the workforce.

Agilent has attempted to manage the program in as open and communicative a manner as possible, encouraging feedback from employees to management throughout the company.

Goals

This year, the Human Resources (HR) department has focused on improving responsiveness, clarifying the scope of its services and continuing to build its expertise. The results from the most recent HR performance survey indicate that significant progress has been made in these areas. Next year, the organization will focus on improving the ease of use of online tools to improve the overall experience and efficiency for employees.

The strategic goals of HR remain the same as last year:

- Stronger, deeper leadership bench: we have been accelerating executive leadership development and clarifying and renewing Agilent's leadership expectations.
- Agilent as a Great Place to Work: we have built on previous years by renewing the beAgilent culture that deepens employee engagement and develops an 'ownership culture' of results accountability and talent leadership. We have evolved people practices to increase variability and flexibility.
- Simpler 'Best in Class' Global HR Functions and Services: we have been improving the workforce experience with HR Services to optimize employee productivity. We hope to increase the impact on business success by accelerating the development of critical skills, knowledge and capabilities in Business HR.

Employees represented by independent trade unions

	% of Agilent employees in unions
Brazil	83%
Germany	86%
Japan	86%
Singapore	90%
Total Agilent	14%

Case study | Performance tracker

Agilent's Human Resources (HR) department conducted a global survey in September 2002 to measure the effectiveness of HR service delivery to employees. Nearly 11,750 employees and managers from around the world took part in the Performance Tracker survey.

The survey showed that:

- 92% of employees had used an HR service in the previous six months
- 84% of employees interact with HR in the first instance by going online
- 65% of functional managers believe that their HR manager ensures the alignment of people strategies and business strategies
- 75% of respondents were satisfied with online services
- Satisfaction with HR services increased to 86% if an issue required face-to-face or telephone contact
- 67% of those surveyed knew where to go for HR support.

Over 2,300 employees provided suggestions as to how HR could improve its service. The need to improve ease of access to information over the web was one of the main points of feedback. As a result, the HR function has prioritized the building of an even stronger e-channel. HR websites are being redesigned from a 'consumer' perspective so that they are more geared to our employees and what they think about HR services.

Health and safety

"Our people can only do their jobs effectively in a safe, secure and comfortable working environment. Agilent management puts employee health and safety at the top of its list of priorities."

Roy West, Global EHS Manager

Agilent's occupational health and safety (OHS) policy is to create the health and safety practices and work environments that enable our people to work injury- and illness-free. Managers and employees are expected to support the implementation of health and safety practices.

Safety

Aside from the company-wide initiatives, Agilent manufacturing sites have their own local safety committees, with membership drawn from the staff and management teams that they represent. The committees are charged with resolving safety issues, increasing awareness of safety implications among employees and improving the overall site safety performance.

Health and safety goals

During the 2002 fiscal year, we achieved the following company-wide health and safety goals:

- Developed and implemented a global program to reduce ergonomic risk
- Improved our ability to track and report leading ergonomic performance metrics globally
- Completed the deployment of a global office furniture program.

Our health and safety goals for the 2003 fiscal year are to:

- Increase employee and management accountability for implementing ergonomic risk reduction
- Achieve 30% of employees trained in ergonomics; 30% of workstations assessed for ergonomic risk; and 30% of workstations graded as being of low ergonomic risks
- Provide improved global emergency preparedness planning and response processes
- Improve Agilent's workers' compensation process in the USA
- Improve employee health and well-being by improving wellness and fitness center services.

HIV and AIDS-related non-discrimination policies

It is Agilent's policy to maintain a work environment that is free from harassment, and to insist that employees be treated with dignity, respect and courtesy.

Did you know...

Agilent employees at the Waldbronn plant in Germany have cut back on waste by replacing plastic coffee cups with china mugs and plastic stirrers with environmentally preferable wooden ones.

Fiscal year	2000	2001	2002
Total recordable cases	722	610	410
Global injury/illness rate	1.8 ¹	1.3	1.0
Global lost workday case rate	0.37 ²	0.27 ²	0.20

Fiscal year	2001	2002
Total recordable cases	610	410
Ergonomic (cumulative trauma, over-exertion)	69%	68%
Contusions, bruises, crushes	11%	12%
Slips, trips, falls	10%	11%
Chemical contact	4%	3%
Abrasions	2%	1%
Other	4%	6%

Cause of lost workday	No. of cases 2002	% of total
Ergonomic	36	45.6%
Slip or fall	15	19.0%
Struck by/against	14	17.7%
Motor Vehicle Accident	7	8.9%
Accident not elsewhere classified	3	3.8%
Chemical contact	2	2.5%
Caught	1	1.3%
Contact physical agent	1	1.3%
Total cases	79	100%

¹ This number differs from the 1.4 figure reported in the 2000 report. 1.8 is the correct figure.

² These numbers differ from those reported in the 2001 report. These are the correct figures.

The past year has seen our global injury/illness rate decline by 22% from our 2001 fiscal year rate of 1.3 to a 2002 fiscal year rate of 1.0.

We also saw a decrease in the lost workday case rate. The lost workday case rate was 0.27 in our 2001 fiscal year and 0.20 in our 2002 fiscal year.

Injury/Illness Rate

The calculation for the injury/illness rate is based on the number of recordable occupational injury/illness cases multiplied by 200,000 then divided by the hours worked for the same time period in which the injuries occurred. For example, if you had 2 injuries in a quarter and 50,000 hours worked, then the calculation would be:

$2 \times 200,000 / 50,000 = 8.0$ injury/illness rate.

Recordable Injury/Illness Case

Occupational injury/illness involving medical treatment beyond first aid, diagnosed occupational illness, or workdays lost beyond date of injury.

Lost Workday Case Rate

The lost workday case rate is based on the number of occupational lost workday injury/illness cases multiplied by 200,000 then divided by the hours worked for the same time period in which the injuries occurred. For example, if you had 1 lost workday injury/illness case in a quarter and 50,000 hours worked, then the calculation would be:

$1 \times 200,000 / 50,000 = 4.0$ lost workday case rate.

Lost Workday Case

Recordable cases involving lost workdays beyond date of injury (more serious injury/illness).

Case study | Earthquake preparation

During 2002, we placed emphasis on training teams of employee responders at a number of Agilent manufacturing sites to perform rapid structural assessments of buildings after an earthquake. A team, consisting of Agilent EHS - for overall safety, Agilent Emergency Response Team - for hazardous material concerns, Agilent Facilities - for building structural concerns, and Degenkolb Structural Engineers, developed a training program for Agilent emergency responders.

The responders form Building Inspection Teams and are trained to perform an assessment to determine the preliminary structural integrity of buildings prior to the arrival of structural engineers who can then go on to perform a detailed assessment. Training consists of classroom/lecture instruction with a structural engineer as well as a site building walkthrough to identify key structural elements that will need to be inspected after a seismic event.

This year, we have trained teams at Agilent manufacturing sites in California, USA and we will be moving this training to other Agilent locations in the USA, Europe and Asia Pacific in 2003.

Training and education

"Developing the performance and potential of our employees is key to Agilent's success. We keep our employees one step ahead of the competition by offering them learning and development opportunities throughout their careers."

Kirk Froggatt, Vice President, Global Leadership, Learning and Development

Training and development opportunities are offered to Agilent employees throughout the company. We have a wide range of programs, workshops and classes to help our employees develop their technical and professional capabilities and encourage them toward even greater achievements in the future. Our educational initiatives also help employees stay informed on the latest compliance issues that they need to know about to maintain a safe, ethical and respectful work environment.

An increasing number of our educational initiatives are being offered over the Internet. The online provision enables globally distributed teams to learn together and employees to access training regardless of their location. We are currently integrating training and development opportunities into the centralized tool that Agilent staff use to access human resources information. The move will allow easy access to training data for both managers and employees via our employee website.

We encourage employees to seek educational programs that might benefit their development outside of the company. Agilent has a tuition reimbursement policy and has agreements with major universities across the globe to conduct distance-learning programs.

Did you know...

Agilent Life Sciences and Chemical Analysis (LSCA) has recently changed one of its suppliers for scanner cable to Microtek, Inc., a non-profit organization that integrates mentally and developmentally challenged people into a normal working environment. Microtek, Inc. provides parts to LSCA in contracts worth more than US\$1million per year.

Case study | Inside knowledge

Two Agilent managers in Europe constructed employee training courses so that they could meet business priorities while also keeping training costs down.

Steffi Kircher, European Response Center Manager, and Michael Huether, European Marketing Manager, implemented internal training programs for their team members. The two-day marketing training courses focused on the specific needs of the Semiconductor Products Group.

"Training is crucial for the development and motivation of your team," says Kircher, who regularly spends time sharing her skills with those who report to her.

One employee who attended the training sessions said, "They did a fabulous job preparing the sessions, and conducted the training very professionally. It was a great plus that our trainers know us and the organization very well, so they were able to respond to our business and personal needs in a very specific manner."

Case study | Next generation leadership development

Agilent invests in the development of leaders throughout the company. Two programs, AIM and LEAD, feature an accelerated development process for senior managers and business leaders of the future.

AIM is targeted at those employees who have demonstrated the ability or potential to be an executive within Agilent; LEAD is for those who are deemed to have the potential to become middle managers. Both programs were originally developed to further our diversity objective of increasing the representation of women and ethnic minorities within our leadership teams.

In 2002, 300 people participated in these programs. AIM and LEAD participants launched into their programs by gathering feedback to help create their own personalized leadership development action plan.

To achieve their development goals, participants engaged in mentoring relationships with senior leaders from Agilent, received professional coaching, and formed learning groups with their peers. They also took advantage of distance-learning opportunities and interacted with external thought-leaders on leadership.

Diversity and opportunity

"Embracing diversity enhances the innovative atmosphere in which our business thrives. People excel in the workplace when they know that there are not artificial barriers put in the way of their success."

Alma Vigo-Morales, Director, Global Diversity and Inclusion

Diversity and inclusion are critical components of Agilent's success. We strive to create an inclusive environment that respects and celebrates everyone's unique perspectives. We need and welcome a diverse range of skills and viewpoints into the Agilent family and have implemented policies and programs to ensure that individuals are included and valued, and that cultural differences are leveraged for our competitive advantage.

As a result of these policies, we actively recruit people from under-represented groups and try to build an inclusive environment that develops, advances and retains a diversity of leaders.

Diversity Made Real

The past year has seen us build our Diversity Made Real initiative across the company. The initiative brings together a series of programs to help employees move from awareness to action, while growing global leadership competencies.

This phase of the initiative has focused on integrating diversity and inclusion into Agilent's values, metrics, leadership and management practices, training, staffing, communications, philanthropy and outreach programs. The current priorities relate to harnessing diversity and inclusion as a competitive advantage to help meet business challenges. Each of Agilent's businesses has also selected a Diversity Champion to head up business-specific implementation. The Diversity Champions and their teams are charged with taking the diversity and inclusion concepts and practices to the core of their businesses and setting priorities for the coming year.

Business imperative

The diversity and inclusion initiative is not only about valuing those around us in order to provide a more pleasant working environment - it has a strong business imperative too. We recognize that:

- Our employees, customers, suppliers and strategic partners are increasingly global in nature and reflect a broad mix of cultures. We have to be able to relate effectively across the many cultures represented.
- Our competitive advantage lies in becoming the leader in innovation, problem solving and creativity. Diverse perspectives can help us meet this goal.
- Attracting and retaining top talent in each of our fields is becoming increasingly difficult due to competitive pressures. There should be no barriers to the hiring, retention or promotion of the best diverse talent.

Demonstrating commitment

Agilent has shown its commitment to diversity and inclusion in the community by forming a Diversity/Philanthropy Taskforce, which has the task of identifying unique global programs focused on championing math, science and educational opportunities, and strengthening diversity.

In the USA, sponsorships and scholarships have been awarded to these organizations:

- American Indian Science and Engineering Society
- National Society of Black Engineers
- Society of Women Engineers
- Society of Hispanic Professional Engineers
- National Action Council for Minorities in Engineering.

In China, the Spring Bud Program is helping girls from poor areas return to school.

Company-wide recognition

This year has seen Agilent and its employees receive a number of high-profile awards for their work in diversity and inclusion:

- The Muscular Dystrophy Association (MDA) honored Agilent for its support of employees with disabilities. The award was given to Agilent by the Santa Clara, California, USA chapter of the MDA.
- Four women from Agilent were recognized as 'Technology All-Stars' at the seventh annual National Women of Color Conference in the USA. They are Taia Ergueta, Mary Hentges, Anita Manwani, and Donna Zapata.
- Patty O'Sullivan, Agilent's Workplace Services Disabilities Program Manager, was named one of the employees of the year by CAREERS and the disABLED magazine. The publication is the only career recruitment magazine in the USA for people with disabilities. The award was granted for Patty's efforts to make the work environment accessible to employees with disabilities.

- Nick Fina, an Education Program Manager in Agilent IT, was honored with the Tenth Annual Mary Custis 'Custie' Straughn Award in recognition of his commitment to enhancing the lives of Delaware's citizens with disabilities and their families.

Representation of women

Agilent employees have also taken part in various initiatives designed to promote the representation of women in the workplace. These include:

- Agilent Germany took an active role in a program modeled after 'Take your Daughters to Work Day', a national campaign to encourage women into technical and scientific jobs.
- Employees in Canada supported 'Discover Engineering Day' in conjunction with Ryerson University. The event offered young women the opportunity to learn about engineering.
- Employees in Colorado, USA participated in 'Introduce a Girl to Engineering Day', an event that encouraged young women to take an interest in science and engineering.

Did you know...

Around 100 Agilent employees in Colorado, USA took part in a charity race in August 2002 to raise funds for breast cancer programs. Agilent employees supported the fundraising efforts by running and walking and helping to organize the event.

Gender

2002 (worldwide)	Male	Female
Gender of all employees	60.6%	39.4%
Gender of executives and senior management	78.6%	21.4%

Ethnicity of executives and senior management (USA only)

USA only	2002
Caucasian	89.3%
Asian/Pacific Islander	6.3%
Hispanic/Latin	2.3%
African-American	1.7%
Native American/Alaskan	0.4%

* Data is for fiscal year 2002.

Case study | Abilities Day

Agilent hosted its first company-wide 'Abilities Day' in October 2002 to promote the employment of students with disabilities. The day involved a range of activities that centered on job-shadowing and personal mentoring.

Chairman, President and Chief Executive Officer Ned Barnholt, Executive Vice President and Chief Operating Officer Bill Sullivan and Senior Vice President of Life Sciences and Chemical Analysis Chris Van Ingen wrote a letter to employees urging them to support the event:

"In a time when it is especially important to meet the needs of people with disabilities around the world, our company has shown the drive and compassion to do just that - by leading and embracing change, and living our Agilent values everyday. We have made a personal commitment to support Abilities Day here at Agilent by endorsing this dynamic event."

Human rights

"Agilent's Standards of Business Conduct describe how the value of uncompromising integrity applies to a range of our business circumstances and relationships. Respecting and valuing human rights across the globe is a major part of the way we do business."

Karen Scussel, Vice President, Human Resources

Strong ethics have always been an important part of the Agilent way of doing business and human rights are certainly no exception. It is Agilent's policy to maintain a work environment that is free from harrassment, and to insist that employees be treated with dignity, respect and courtesy.

Agilent's Standards of Business Conduct provide rules as to whom we do business with and how that business is conducted. Agilent employees may not establish or maintain a business relationship with a supplier if they believe that its practices violate local laws or basic international principles relating to labor standards. Similar language is included in our contract manufacturing agreements.

Case study | Corporate citizenship rewarded

Agilent was included into a select group of exemplary corporate citizens in January 2002 when it was named one of 600 companies comprising the Calvert Social Index. The index is a broadly based financial benchmark made up of large USA companies that meet strict social responsibility criteria.

Inclusion in the Calvert Social Index does not come easily. A team from Investor Relations, Public Affairs and Corporate Quality led the effort to be included in the Index. The entry process involves analysis of a company's practices by Calvert with respect to factors such as human rights, environmental protection, workplace fairness and product safety.

Community

Agilent will be an economic, intellectual and social asset to each nation and community where we do business.

Agilent Citizenship Objective

We have a range of policies and procedures to guide us toward having a positive impact on the communities in which we operate. For example, through our environment and sustainability policy, Agilent commits to conducting our business in an environmentally responsible manner.

Similarly, our Standards of Business Conduct (SBC) require management and employees to carry out Agilent's business with uncompromising integrity. For example, the SBC includes guidance on when and how political contributions are acceptable and a range of policies to discourage bribery and corruption.

The SBC sets the framework in which we operate, and the people and programs within Agilent put that framework into action. The implementation of the SBC is monitored by Agilent Global Audit Services.

Agilent Action

Our community involvement programs - collectively known as Agilent Action - are a powerful example of how highly we value our role in the communities in which we work. We focus our community programs on science education and healthy communities so that we can 'inspire minds and enrich lives' around the globe.

Our employees are actively encouraged to take part in these programs. They can use one hour per week, or up to four hours per month, of paid time off to volunteer for Agilent-sponsored or supported activities. This year, thousands of our employees again took part in a wide range of activities to benefit the communities in which they live and work - as well as helping disadvantaged communities outside of their local environment.

Inspiring minds, enriching lives

To 'inspire minds', we support initiatives that increase student interest and achievement in science education, placing a particular emphasis on females and other groups that are currently under-represented in the technology industry. We 'enrich lives' by supporting initiatives that help communities address local health and human services needs and environmental issues.

Over the past year, we have run a wide range of projects to support these aims. They include the following:

- We awarded scholarships to eight outstanding undergraduates from leading Malaysian universities. The students are focusing on electrical, electronics or computer engineering disciplines.
- We donated a high-tech mobile laboratory equipped with Agilent Life Sciences and Chemical Analysis equipment to the New York City Police Department so that forensic investigators can more quickly detect chemical or biological agents.
- We supported the International Science and Engineering Fair in Kentucky, USA in May. The fair is an international competition in math, science and engineering for high-school students.
- Our Boeblingen, Germany site held a research contest for young scientists in the region.

Did you know...

In recognition of our role in the communities where we do business, our global community service program - Agilent Action - was honored in May 2002 by the Silicon Valley Chapter of the National Conference for Community and Justice (NCCJ) in the USA. Events have ranged from establishing a Warm Hearts Club in China to a contest for school science projects in Germany.

Case study | Points of Light award

Agilent received America's highest honor for voluntary community service in December 2002 with a Points of Light Foundation Community Volunteer award presented by the President of the USA, George W. Bush.

Agilent was one of only 20 award recipients from more than 3,500 nominations. The award recognized the company's worldwide Agilent Action community relations program. It specifically referred to the 2001 Agilent Action Week in which a US\$1 million donation of medical, diagnostic, aviation, communications and computer equipment was donated to The Flying Hospital, Inc - a not-for-profit charitable organization based in Newport News, Virginia, USA. All of the equipment was produced by Agilent or included Agilent components.

Case study | Monitoring gift

In early 2002, Agilent Israel donated a life-supporting portable monitor to the Yeladim Shelanu (Our Children) Foundation. The charitable organization helps children who are hospitalized at the Schneider Children's Medical Center of Israel.

The hospital opened Israel's only pediatric burns ward earlier in the year to improve the quality of special treatment for children. Agilent employees were on hand to meet the children in the ward as the monitor was being presented to the hospital.

Iris Langer, Chairperson of the foundation, expressed her appreciation and noted the positive impact of the donation. "We are fortunate that there are people who understand the importance of lending a helping hand to make the difficult period of hospitalization much easier for the children and their families."

Case study | After School and Abilities Day

Agilent's first ever Abilities Day, in October 2002, inspired a range of activities designed to promote the employment of students with disabilities (see case study under 'Diversity and opportunity').

The Wilmington, Delaware, USA Agilent site combined the Abilities Day activities with its ongoing Agilent After School program. The After School program is a hands-on science experiment series that focuses on children between the ages of nine and thirteen.

Three visually impaired students attended the Wilmington Abilities Day along with 35 other students with learning disabilities. For one of the activities, the visually impaired students were helped through an Agilent After School 'steady hand' experiment that had been specially adapted for their use.

The experiment requires students to move an eyelet over a bare wire with a 'steady hand' to prevent them from touching and completing a circuit. Students would usually have been alerted to a circuit connection by an LED lighting up - in this case the Agilent volunteers hooked up a digital voltmeter to a buzzer so that the visually impaired students could hear if they completed the circuit.

The students were given the chance to feel the various components of the experiment before taking part, while the Agilent volunteers explained the game to them.

Product safety

"Customers are our most valuable asset and that means that their safety is paramount. Our products are rigorously tested to ensure they comply with strict safety regulations."

Jean Laurens, Manager, Product Market Access

Agilent has a product safety and regulations (PSR) policy to provide products and services that meet legal requirements and are safe for their intended markets and applications. It is a company-wide policy that is communicated to relevant employees and is available to customers and other stakeholders.

Policy and review

Product safety is managed across Agilent through the implementation of the PSR policy and processes at the business level. We have a safety incident reporting system to collect information concerning Agilent product safety-related incidents and malfunctions so we can perform analysis and take appropriate corrective action, when needed. The reports are monitored centrally to enable us to take preventative action on a company-wide basis, if and when appropriate.

Regulatory compliance

During the 2002 fiscal year, there were no allegations of regulatory violations associated with Agilent products worldwide.

Information

Ensuring that our products and services are safe before they come to market is just one part of our responsibility to customers. We also make certain that those customers have easy access to the information that they want about those products and services.

Our PSR policy, together with our environment and sustainability policy, guides us in making accurate conformity and environmental information about our products and services available to stakeholders.

Questions, comments and information requests about Agilent product safety or regulatory compliance can be sent to: answers_quality@agilent.com.

Our products and services are recognized around the globe as being at the forefront of the technology revolution. This year, Red Herring magazine appointed us to its list of the 50 public companies most likely to change the world. The award cited Agilent as representing 'everything that is great about technology, innovation and entrepreneurial capitalism.'

Did you know...

Agilent equipment was spotted in use in one of the highest-rated USA television programs in January 2002. *CSI: Crime Scene Investigation* showed an Agilent product being used to analyze and identify a substance during a murder investigation.

Case study | Sporting chance

Agilent equipment has been used in a number of high-profile sporting events over the past year.

Instruments from Agilent's Life Sciences and Chemical Analysis (LSCA) business played a critical behind-the-scenes role at the Winter Olympics in Salt Lake City, Utah, USA and the Commonwealth Games in Manchester, UK.

Both events turned to Agilent for the equipment needed to test athletes for performance-enhancing drugs. The Commonwealth Games also benefited directly from our expertise, with Agilent providing support services to the Drug Control Centre.

Our role in the events was not confined to the testing of athletes. Another Agilent product - AccessFIBER - was used at the Olympics' communications command center for detecting faults and locating trouble areas on the fiber-optic networks. Agilent played a key part in ensuring that the broadcasts of the Olympics remained uninterrupted and dependable for the three billion viewers around the world.

Case study | Thai food contamination

Agilent's LSCA business was also able to help in April 2002 when a contamination outbreak in Thailand's food-producing animals stopped its chicken and seafood exports to the European Union (EU).

The Thai Government needed a way of quickly identifying the contamination - nitrofurans - in chicken and seafood to avert a costly impact to the Thai food export market.

The LSCA team contacted the food companies affected by the outbreak to provide details of Agilent's Liquid Chromatograph and Mass Spectrometer (LC/MS) system, which can detect nitrofurans and other harmful chemicals in food. After testing a range of competing products, the Thai Department of Livestock and a number of the food exporting companies ordered several of Agilent's LC/MS systems.

Case study | Genetic researchers

Agilent's LSCA business is helping researchers speed up the diagnosis and treatment of genetically related diseases.

Bioscientists studying cell genetics have been struggling with the development of a genetic 'dictionary' that defines the function of individual genes. Researchers decipher individual gene function by 'switching off' a gene's expression and then studying the effect of the absence of the gene on the cell. Until recently, this research has hinged on slow, laborious techniques that decipher one target gene at a time.

However, new discoveries about what ribonucleic acid (RNA) does to a cell - and what it can be made to do - are accelerating the pace of gene function research. Agilent is at the cutting edge of these developments and has recently released three improved product lines in the field. The products help bioscientists gain new knowledge and deeper understanding at a much quicker rate than they have been able to in the past.

Case study | Insects in packaging

Pallets and crates used for shipping products around the world are occasionally infested with bugs - some of which can be devastating to the receiving countries' environments.

Agilent has been working with other multinational companies and the United Nations to develop international standards to ensure that wood packaging materials are insect-free.

The importance of this work can be demonstrated with just a few high-profile examples. In Japan, the pinewood nematode, a microscopic eelworm, is devastating forests - it arrived as a result of wood packaging. The European Union is working to prevent it from being imported to its member states. Meanwhile, the gypsy moth, of European origin, is causing harm across North America along with the devastating Asian long-horned beetle.

Unfortunately, due to variations in import and export laws, restrictions on packaging are imposed more severely on some countries than others.

David Zessin, Agilent's Corporate Packaging Program Manager, notes, "Measures to prevent the introduction or spread of quarantined pests are needed. But if the restrictions are not universal or consistent, they can act as trade barriers. Both environmental and trade issues are successfully addressed with the release of the new global standard. Agilent is a good corporate citizen that is committed to the environment and it's thrilling to know that we can help influence an organization such as the United Nations to change laws to make this a better world to live in."

Respect for privacy

"Building long-term business relationships with customers depends a great deal on trust. This trust begins with our commitment to respecting, as well as protecting, their privacy."

Jim Allen, Chief Privacy Officer

A major part of protecting our customers' privacy is to treat their personal data (name, address, e-mail address, phone, etc.) appropriately. Customers are Agilent's leading priority and safeguarding their personal data is critical to the success of our business. We have made the protection of customer privacy a major policy initiative and implemented a company-wide customer privacy program.

Our program provides the necessary infrastructure to ensure personal customer data is collected and used in a fair, lawful and honest fashion.

The global customer privacy policy sets out Agilent's privacy strategy. It outlines our privacy principles, policies and guidelines, discusses the responsibilities of employees and managers, and defines the performance-monitoring processes that are required.

The policy is based on six privacy principles:

- **Notice:** giving the customer notice of what data we are collecting and what it will be used for
- **Choice:** giving the customer certain choices around data usage as well as with whom we might share their data
- **Onward transfer:** only transferring personal data to third parties that have agreed to handle it to Agilent privacy standards
- **Access and accuracy:** giving the customer access to their data to ensure accuracy
- **Security:** keeping the customer's personal data secure
- **Oversight and enforcement:** Agilent participates in the Better Business Bureau OnLine Seal program and is certified under the US Safe Harbor program to ensure we meet the highest privacy standards.

Any questions regarding Agilent's privacy practices can be addressed to: privacy_advocate@agilent.com.

GRI content list

This report uses the Global Reporting Initiative (GRI) guidelines as a framework. To locate the elements and information contained within the guidelines, use the index below. For a detailed explanation of the indicators, visit the GRI website (www.globalreporting.org).

1. Vision and strategy

- 1.1 Vision and strategy; CEO statement; Sustainability
- 1.2 CEO statement

2. Profile

- 2.1 Contact us
- 2.2 What we do
- 2.3 Our organization; What we do
- 2.4 Our organization (partial)
- 2.5 Where we are, About the data
- 2.6 What we do
- 2.7 What we do
- 2.8 What we do; Where we are; Employment data; Financial performance (partial)
- 2.9 Stakeholder engagement; Upstream and downstream impacts; Labor/Management relations; Community; Diversity and opportunity
- 2.10 Contact us
- 2.11 Performance; About the data; How we collect data
- 2.12 Home page; Report scope
- 2.13 Report scope; Where we are; About the data; How we collect data
- 2.14 Report scope
- 2.15 Not covered
- 2.16 Report scope; How we collect data; Performance highlights; Financial performance (partial)
- 2.17 Performance
- 2.18 How we collect data; Glossary
- 2.19 How we collect data; Performance highlights
- 2.20 How we collect data; About the data; Stakeholder engagement; EHSMS; EHS objectives; Report feedback
- 2.21 Stakeholder engagement; Report feedback; External charters and principles
- 2.22 Throughout report in web links to more information

3. Governance structure and management systems

- 3.1 Our organization
- 3.2 Not covered
- 3.3 Not covered
- 3.4 Not covered
- 3.5 Not covered
- 3.6 Our organization (partial); Community; Risk management
- 3.7 Values; Vision and strategy; Policies and position statements
- 3.8 Investor feedback; Report feedback; Contact us (partial)
- 3.9 Stakeholder engagement
- 3.10 Stakeholder engagement; Investor feedback
- 3.11 Stakeholder engagement
- 3.12 Stakeholder engagement
- 3.13 EHSMS; EHS employee training; Risk management; Product safety; Products and services
- 3.14 External charters and principles (partial)
- 3.15 Membership of organizations
- 3.16 Upstream and downstream impacts; Product safety; Products and services
- 3.17 Significant EHS impacts; Throughout performance data (partial)
- 3.18 Report scope; About the data
- 3.19 Policies and position statements; EHSMS; EHS objectives and targets; EHS employee training; Employment; Health and safety; Training and education; Diversity and opportunity; Respect for privacy (partial)
- 3.20 External charters and principles (partial)

5. Performance indicators

Economic

- EC1 Financial performance (partial)
- EC2 Financial performance (partial)
- EC3 Not covered
- EC4 Not covered
- EC5 Not covered
- EC6 Not covered
- EC7 Not covered
- EC8 Not covered
- EC9 Not covered
- EC10 Social performance (partial)

Environmental

EN1	Materials (partial)
EN2	Not covered
EN3	Energy
EN4	Not covered
EN5	Water
EN6	Biodiversity (partial)
EN7	Not covered
EN8	Emissions (partial)
EN9	Emissions (partial)
EN10	Emissions (partial)
EN11	Waste
EN12	Water (partial)
EN13	Compliance
EN14	Products and services (partial); Significant EHS aspects (partial)
EN15	Products and services (partial)
EN16	Compliance

Social

LA1	Employment (partial)
LA2	Employment
LA3	Labor/Management relations
LA4	Labor/Management relations
LA5	Health and safety (partial)
LA6	Health and safety (partial)
LA7	Health and safety (partial)
LA8	Health and safety (partial)
LA9	Training and education (partial)
LA10	Diversity, inclusion and opportunity (partial)
LA11	Diversity, inclusion and opportunity (partial)
HR1	Human rights (partial)
HR2	Human rights; Upstream and downstream impacts (partial)
HR3	Upstream and downstream impacts (partial)
HR4	Policies and position statements (partial); Health and safety (partial)
HR5	Not covered
HR6	Not covered
HR7	Not covered
SO1	Community (partial); Policies and position statements (partial)
SO2	Community; Values (partial)
SO3	Community; Values
PR1	Product safety (partial)
PR2	Product safety
PR3	Respect for privacy
PR7	Product safety

Detailed economic information is referenced throughout the report and is available on the Agilent website:

- **Notice of 2003 Annual Meeting and Proxy Statement**
(<http://investor.agilent.com/downloads/2003finalproxy.pdf>)
- **2002 Annual Report to Stockholders**
(<http://investor.agilent.com/downloads/2002finalAR.pdf>)
- **Report on Form 10-K**
(<http://www.shareholder.com/common/Edgar/1090872/891618-02-5622/02-00.pdf>)
- **2002 Corporate Report**
(<http://www.agilent.com/go/corpreport>)
- **Investor Relations**
(<http://www.investor.agilent.com>)

Glossary

AGRM

Agilent Global Risk Management.

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.

ATG

Automated Test Group, which provides systems, software and expertise that brings technology to life, from smaller mobile phones to innovative lighting applications for safer driving.

CA

California

CFC

Chlorofluorocarbons. Gaseous compounds used in refrigerants and aerosols which are harmful to the ozone layer.

CO₂

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

CSG

Communications Solutions Group, which provides communications solutions from LAN and WAN through fax to voice and video.

CY

Calendar year

DE

Delaware

EHS

Environment, Health and Safety.

EHSMS

Environmental, Health and Safety Management System.

EPA

Environmental Protection Agency, a USA government agency.

EPSG

Electronic Products and Solutions Group, which develops high-quality, cost-effective solutions ranging from domestic appliances to precision time-keeping equipment.

ESR

Environment and Social Responsibility.

Form 10-K

A report filed annually by public companies with the Securities and Exchange Commission. A report similar to the annual report, except that it contains more detailed information about the company's business, finances, and management. It also includes the bylaws of the company, other legal documents, and information about lawsuits in which the company is involved.

FY

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

GHG

Greenhouse gas - a gas that contributes to increasing the insulating properties of the earth's atmosphere. Carbon dioxide (CO₂), methane (CH₄) and oxides of nitrogen (NO_x) are the three main greenhouse gases.

Gigajoule

1 gigajoule = 277.78 kilowatt-hour.

GRI

Global Reporting Initiative. GRI is an independent global institution which is developing a generally accepted framework for sustainability reporting.

Impact (environmental)

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

Injury/Illness Rate

The calculation for the injury/illness rate is based on the number of recordable occupational injury/illness cases multiplied by 200,000 then divided by the hours worked for the same time period in which the injuries occurred. For example, if you had 2 injuries in a quarter and 50,000 hours worked, then the calculation would be:

$2 \times 200,000 / 50,000 = 8.0$ injury/illness rate.

ISO 14001

An international standard issued by the International Organization for Standardization (ISO) relating to Environmental Management Systems.

Kilowatt hour

1 kilowatt-hour = 3.6×10^6 joules.

1 kilowatt-hour = 3.6×10^{-3} gigajoules.

Lost Workday Case

Recordable cases involving lost workdays beyond date of injury (more serious injury/illness).

Lost Workday Case Rate

The lost workday case rate provides information on the number of occupational lost workday injury/illness cases multiplied by 200,000 then divided by the hours worked for the same time period in which the injuries occurred. For example, if you had 1 lost workday injury/illness case in a quarter and 50,000 hours worked, then the calculation would be:

$1 \times 200,000 / 50,000 = 4.0$ lost workday case rate.

LSCA

Life Sciences and Chemical Analysis Group, which provides instruments, systems and services to the life sciences industry, and overcomes major challenges in the pharmaceutical, chemical and environmental arenas, including the fight against disease.

MWDVBE

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

NGO

Non-governmental organization.

NJ

New Jersey

PFCs

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

Recordable Injury/Illness Case

Occupational injury/illness involving medical treatment beyond first aid, diagnosed occupational illness, or workdays lost beyond date of injury.

SPG

Semiconductor Products Group, which develops semiconductor components and assemblies for communications systems, information processing, imaging, optical positioning and lighting products.

Sustainability

The ability to meet the needs of this generation without compromising the needs of future generations.

UK

United Kingdom

USA

United States of America

US\$

USA dollars: the currency of the USA.

WA

Washington state

WPS

Workplace Services.

YTD

Year to date.

Feedback

Agilent appreciates stakeholder comments. We have already received comments on this year's Environment and Social Responsibility Report from some stakeholders.

If you have specific questions about any of our programs, please contact us at answers_ehs@agilent.com.

Stakeholder feedback – csr network

Independent commentary by csr network

In 2001, csr network was asked to provide commentary on Agilent's 2001 Environmental and Social Responsibility Report. In 2002, we were asked to undertake a similar exercise; to review the structure, coverage of issues and stakeholders, analysis, progress and commitments, and to compare these against emerging good practice in social, environmental and sustainability reporting. This commentary is based on the final (pre-publication) draft of Agilent's Internet-version report. In addition, we provided a feedback report, containing observations and recommendations at the first draft stage of report development. This commentary does not constitute an independent assurance statement, and no assurance is offered on the accuracy or completeness of the reported data or information.

Over the last year, the Global Reporting Initiative's sustainable development reporting guidelines were revised and reissued. Agilent has chosen to use these guidelines as an 'incremental' framework, an approach that we believe should promote year-on-year improvements to the content of the report. Within the chosen framework, the report would benefit from further exploration of the impacts and opportunities arising from the life cycle of Agilent's products. For example, the report already includes summary information in a section on upstream and downstream impacts. Future reports would also be strengthened by the inclusion of further quantitative analysis of the supplier environmental management system, initiatives to minimise the impacts of waste electronic equipment, and the uses of Agilent products.

Describing the net social impact of products and services is one of the most challenging areas to address, but progress in this area will become a key characteristic of leading-edge reports in future years.

In our comments last year, we supported the evolution of Agilent's reporting towards inclusion of further information on stakeholder engagement processes. Future reports should provide a fuller description of the key attributes of each stakeholder group, existing engagement mechanisms with the company, and the company's response to a selection of issues raised by external stakeholders. If preferred, this detail could be covered through a separate section on the Agilent Internet site.

The Agilent report provides summary information on the environmental, health and safety management system (EHSMS). As this is the principal mechanism for

controlling risks and opportunities, further detail would be helpful on how the EHSMS operates in practice.

Similarly, a clearer explanation of the social and environmental governance structure is needed. This should include how responsibility and accountability are devolved and executed at different levels within the business, and the relationship between regular performance monitoring and risk management processes. For example, the report refers to hazardous waste administrative issues identified at sites in the California San Francisco Bay Area, but does not describe the nature of these issues, whether they were foreseen by risk management processes, or what actions under the EHSMS have been necessary as a result.

In our commentary on the 2001 report, we looked forward to the development of a rigorous approach to the collation, analysis and reporting of greenhouse gas data. This year's report includes a commitment to report such data in next year's report. This is encouraging, although meeting these commitments will be significant in maintaining credibility as quantification of greenhouse gas emissions is highly relevant to the completeness of Agilent's reporting.

Operational issues have led to downsizing of operations and staff redundancies. Whilst the report does address these issues, inclusion of actual data and key indicators from the employee survey would have been more complete and transparent.

Next year, and at this stage of development of Agilent's reporting systems, the credibility of the report will be maintained by some form of external independent assurance process. By this time, data collection systems and analysis should be embedded throughout the company. To align with emerging best practice, the design of the assurance process should include stakeholder processes.

Overall, Agilent has shown its commitment to extend and improve its framework for disclosure of social and environmental performance through this third report. To maintain progress, a further level of analysis and detail needs to be applied within this framework, which will require even greater energy and resources to be applied in the future.

csr network is an international consulting practice, offering strategic advice on csr and sustainable development activities. We are based in the UK, with offices in the USA through our quality partners, Cameron Cole LLC.

Stakeholder feedback – Business for Social Responsibility

Comments on Agilent Technologies 2002 Environment and Social Responsibility Report

For several years Business for Social Responsibility (BSR) has provided Agilent with feedback on the accessibility, quality and tone of the content of pre-publication drafts of the company's Environment and Social Responsibility Reports. In 2001, to help provide report readers with an outside perspective on the quality of Agilent's reporting effort, Agilent arranged to make some of BSR's comments public. In line with Agilent's 2002 Environment and Social Responsibility Report, BSR again has undertaken to provide pre-publication draft and public feedback. As in past years, BSR's comments do not verify or otherwise provide an opinion on the accuracy or completeness of the data or other information in Agilent's report. Instead, BSR's comments represent a perspective, based on our experience in the field of environmental and social reporting and on our work with Agilent, on the quality of Agilent's reporting efforts to date and items we think worthy of improvement or addition in future years.

Agilent's 2000 and 2001 Environment and Social Responsibility Reports were thoughtfully constructed and presented. Based on those reports, BSR believed that Agilent distinguished itself among reporting leaders in the high-technology sector, especially in the United States. BSR commended Agilent's past reports for their innovative use of the Internet and visible commitment to continuous improvement. BSR also recommended that Agilent seek to improve future reporting through data normalization to allow easier comparison of performance over time, discussion of supply chain labor conditions, and by including more and better indicators and data describing social performance to complement Agilent's relatively strong presentation of its environmental performance.

Reviewing Agilent's 2002 report, BSR found continued evidence of the company's commitment to the improvement of its transparency efforts. Particular improvements noted were enhancements to the format and the use of the Internet as a reporting medium. For example, the site links disparate information about policy and performance well, the site map is friendly and easy to navigate, the inclusion of the "Changes since 2001" summary enables the reader to assess the 2002 report with understanding of the environment in which the company functioned in 2002, and the easy-to-use Global Reporting Initiative (GRI) content index is helpful for readers wanting to see how closely Agilent has followed the GRI framework.

Overall, BSR also feels that the tone of the 2002 report is improved over past years. It is frank rather than boastful in discussing performance highlights, and sober and direct when presenting difficult information on topics like workforce reductions. Also, BSR appreciated the simplicity of the CEO letter. In other reports the CEO letter can become a platform for sweeping statements that never touch the ground. Ned Barnholt's letter in the 2002 Agilent report states briefly how important values are to the business even in tough economic times, summarizes a few performance highlights and lets the rest of the report speak for itself.

Agilent's interest in continuous improvement and advances in the reporting field in general have led BSR to make a greater number of recommendations on ways the company might improve future reports than we did last year. This is not in itself a criticism of Agilent's reporting performance, but rather a reflection of the fact that the bar for reporting excellence continues to be raised. More companies are reporting overall, and more high-technology and telecom (the two sectors are grouped by some report analysts) companies in particular have begun reporting and/or are dramatically improving existing reporting. Agilent will have to work hard to maintain a relative leadership position in its sector and work harder still to improve if the company wants to be seen as a reporting leader among companies generally. Given this external environment, BSR feels the following items are especially worthy of consideration for expansion or inclusion in the coming year(s).

- More and easier to locate targets for future performance, perhaps through the addition of a "future targets" column to the performance highlights table in the Performance section of the report. Here or elsewhere, a summary of future priorities and goals would greatly enhance the ability of stakeholders to assess Agilent's future performance. At present, BSR feels the report tips slightly too far to describing policies and processes instead of detailing performance against policies and presenting clear targets for future performance, and we would encourage that future reports increasingly emphasize performance.
- Inclusion of more governance information. Especially in light of the governance scrutiny corporations faced in 2002, it would have been good to see more information on the qualifications, roles and responsibilities of senior management and the Board included in the report. (Inclusion of such information would also help to bring Agilent into better alignment with the GRI.)
- Improved and expanded information on supplier expectations and performance, especially with regards to social issues. BSR especially recommends that Agilent, as a global leadership company with international manufacturing and sourcing, make the development of a human rights policy a priority. BSR also encourages Agilent to generate more information about the data measuring expectations of suppliers and their performance overall.

- Evidence of increased stakeholder consultation and inclusion of stakeholder perspectives in the report. Agilent's 2001 report committed to expanded stakeholder dialogue, but progress on this front is not apparent in the 2002 report.
- Increased comparability of data through the use of data normalization, time series data, some increase in the use of graphics, and, ideally, some benchmarking data so as to make it easier for stakeholders to compare Agilent to others in the sector or overall corporate social responsibility leaders. (This might also entail reviewing and revising the "How We Collect Data" section of the report and the process that lies behind it.) BSR would also like to see Agilent improve its relatively weak presentation of economic performance data. This would entail Agilent's moving beyond replicating presentation of traditional financial data to better understand and explain how Agilent's activity affects the economic status of its stakeholders.
- Inclusion of performance data (or a timeline for presentation of data) for all policies presented in the report. In its present form, policies such as those covering product responsibility and privacy are presented without information making clear whether or not Agilent is successfully complying with them.
- Finally, the report does not discuss Agilent's position or plans regarding external verification or assurance. Given the increasing prevalence and importance of assurance processes relating to environmental and social reporting, Agilent should at least present its future plans in this area.

BSR is a USA-based global non-profit group that works with companies to help them achieve commercial success in ways that respect ethical values, people, communities and the environment. BSR works on a full range of corporate social responsibility / sustainability issues and has worked with companies and reporting advocates and standards-setters worldwide to improve reporting frameworks and reporting performance.

Contact us

Agilent Technologies, Inc headquarters
395 Page Mill Road
PO Box 10395
Palo Alto, CA 94303
USA

www.agilent.com

For questions about our Environment and Social Responsibility Report, please call Agilent Quality at (+1) 408 553 6700, or e-mail us at answers_ehs@agilent.com.

Gail Brownell, Manager, Quality Systems
Gene Endicott, Director, Public Affairs