Vision and strategy

Agilent's purpose is to provide key enabling technologies to advance the state of the art and help our customers achieve their business results. Our strategy is to strengthen our position as the number one measurement company in the world, while leveraging our technology and expertise to provide components, software and services to attractive new markets.

Our priorities for the coming year are to return the company to financial strength; improve our customer-first culture and total customer experience; win in our markets; and strengthen our leadership and 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 society. Our business could not exist if it were not for our great people, a clean and safe environment, sufficient natural resources and the support of the communities in which we work.

Commitment
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 future generations.

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.

We listen to our stakeholders and consider their suggestions as we develop our approach to social and environmental sustainability.

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.

CEO statement

"In 2003 we faced tough business conditions that tested Agilent in many ways. Our values helped guide us through the year and helped us end the year a stronger, faster, more competitive company."
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 2003, we made good progress against our environmental and social objectives. This year's highlights included:

- Reduction of Agilent's chemical waste that goes to landfill by significantly more than our 5% target
- Recognition of Agilent, once again, as one of the "best places to work" by several organizations and publications around the world, including "Best Employer in Asia" in Taiwan and China; inclusion in *Fortune* magazine's "100 Best Companies to Work For"; and *CAREERS & the disABLED* magazine's "Top 50 Companies for People with Disabilities"
- Expansion of our Agilent After School hands-on science program to reach approximately 24,000 junior-high-school-age students around the world
- Implementation of a program to identify and assess potential environmental and social responsibility risk of suppliers
- Earning of "Best in Class" honors from Storebrand Investments for Agilent's social and environmental performance in addition to retaining our place on several other sustainability indices
- Reduction of Agilent's worldwide energy consumption for the third year in a row. This year we reduced our usage by more than 2%, measured on a kilowatt-hour per square-foot basis.

I am proud of our environmental and social achievements during 2003 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 equipment, semiconductor components, and life science and chemical analysis tools to provide key enabling technologies to advance the state of the art and help achieve business results.

The breadth and depth of our expertise enable us to offer solutions across our customers' research, development, manufacturing and operations value chain for creating new technologies, products and services. With insight gained from this unique and comprehensive perspective, we can help our customers get the best products and services to market quickly and profitably.

Sixty-four percent of our net revenue came from outside the United States in our 2003 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.

Did you know...
GlaxoSmithKline (GSK), one of the world's leading pharmaceutical companies, honored Agilent's Life Sciences and Chemical Analysis group with its Top Global Analytical Instrument Supplier award in March. GSK currently uses more than 10,000 suppliers worldwide and Agilent was the only general instrument supplier to receive this award.

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 four primary businesses:

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

Test and Measurement
2003 net revenue - US$2.5 billion
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 as well as communications networks and services.

Markets: communications test and general purpose test.

Product areas: communications test products include testing, monitoring and management solutions for fiber optics, transport networks, broadband and data networks, wireless communications, microwave networks and products, installation and maintenance solutions, and operations support services; general purpose test products include general purpose instruments, modular instruments and test software, digital design products, and high-frequency electronic design tools.

Automated Test
2003 net revenue - US$0.8 billion
Our automated test business provides test system solutions that are used in the manufacture of semiconductor devices and printed circuit assemblies.

Markets: semiconductor manufacturing and electronic manufacturing.

Product areas: semiconductor test equipment and electronics manufacturing test equipment, including automated optical inspection, automated x-ray inspection, automated in-circuit testing and manufacturing test system software.

Semiconductor Products

2003 net revenue - US$1.6 billion

Our semiconductor products business is a leading supplier of semiconductor components, modules and assemblies for high-performance communications systems.

Markets: networking and personal systems.

Product areas: networking products include fiber optics and high-speed digital integrated circuits; personal systems products (for use in mobile phones, printers, PC peripherals and consumer electronics) include radio frequency and microwave communications devices such as FBAR duplexers and E-pHEMT power amplifiers; infrared emitters, detectors and transceiver modules; printing application specific integrated circuits (ASICs); optical image sensors and processors, optical position sensors, light emitting diodes (LEDs) and optocouplers.

Life Sciences and Chemical Analysis

2003 net revenue - US$1.2 billion

Our life sciences and chemical analysis business provides application-focused solutions including instruments, software, consumables and services that enable customers to identify, quantify and analyze the physical and biological properties of substances and products.

Markets: gene expression, proteomics, pharmaceutical analysis, environmental, petrochemical, homeland security and forensics, and bioagriculture and food safety.

Product areas: microarrays; microfluidics; gas chromatography; liquid chromatography; mass spectrometry; software and informatics; and related consumables, reagents and services.

Agilent Laboratories

Agilent Laboratories is our central research organization. Agilent Labs engages in 1) applied research leading to technology that can be transferred to our existing businesses in communications, electronics, life sciences and chemical analysis; and 2) research that creates new businesses that are outside of our current markets but within our fields of interest. Agilent Labs also provides technology integration across the company.

Did you know...
Agilent's Electronic Products and Solutions Group earned a "Best Suppliers 2002" seal from Noticiário de Produtos Eletrônicos (NPE) magazine. NPE, one of Brazil's leading engineering publications, surveyed thousands of readers, asking them to rate the best suppliers. The readers ranked Agilent as one of the top suppliers for signal generators and analyzers, data acquisition instruments, multimeters, oscilloscopes and power supplies.

Where we are

Agilent's approximately 29,000 employees serve customers in more than 110 countries and 64% of our net revenue in 2003 fiscal year came from outside the United States.

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 2003.

Report scope

This report includes quantitative and qualitative data relating to our environmental and social performance during 2003. The data is recorded on a company-wide basis unless otherwise indicated.

The 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.

The fourth annual Environment and Social Responsibility Report is built on the foundations established in earlier reports. The text, as with our policies and values, has remained constant in appropriate areas, while we have updated annual information, objectives, examples and highlights.

Changes since 2002
Our workforce management program has led to the main change in the size and structure of Agilent since our 2002 report. All of our plans were designed to reduce costs and expenses in order to return the company to profitability. As of the end of 2003, we have reduced our workforce by approximately 15,000 people to 29,000 employees.

Our plans included consolidating excess facilities. Agilent has exited, or plans to exit in the near future, more than 110 production, support and sales facilities in the United States, Korea, Japan, United Kingdom and other countries. This represents more than 4.3 million square feet or about 22% of our worldwide property.

In January 2003, we completed the addition of existing manufacturing sites to our ISO 14001 environmental management system (EMS) registration. This is well ahead of our original December 2003 target completion date.

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; BSR - Business for Social Responsibility; CSA - Canadian Standards Association; Center for Corporate Citizenship at Boston College; EIA - Electronic Industries Alliance; EICTA - European Electronics Industry Association; European Policy Centre; European Union Committee of the American Chamber of Commerce; Industry Council for Small Business Development; ITI - Information Technology Industry Council; International Electrotechnical Commission; JEITA - Japan Electronics and Information Technology Industries Association; NEMI - National Electronics Manufacturing Initiative; National Minority Supplier Development Council; Points of Light Foundation; US-ASEAN Business Council; US Council for International Business; US Pan Asian American Chamber of Commerce; Wildlife Habitat Council; ZVEI - German Electrical and Electronic Manufacturers' Association.

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 provide key enabling technologies to advance the state of the art and help our customers achieve their business results. 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 water quality testing 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 we are doing this by working toward a sustainable future. Individual and collective actions help us make real progress toward our goals and vision.

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

Did you know…
In August, Ned Barnholt, Agilent Chairman, President and CEO, was honored with the Public Service Star – Distinguished Friends of Singapore award in recognition of Agilent's contribution to the Singapore economy. "I am truly honored to receive this award on behalf of Agilent Technologies," said Ned in a letter of appreciation, in which he paid tribute to the great work of our employees in Singapore.

Environmental impacts

"The success of our EHSMS 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 our operations, products and services.

We implement a range of policies and procedures to achieve these goals. Our 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…
The Santa Rosa, California, Fountain Grove Facility saves approximately US$400,000 a year through energy management, wastewater reuse and solid-waste diversion. "No matter how small the company, there are things you can do to be efficient," said Claire McCarthy, Electronic Products and Solutions Group EHS Manager. "As a larger corporation, we are dealing with complex systems, but any company can adopt similar measures and gain efficiencies."

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.

2003 was very 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.

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…
Recently, in *CAREERS & the disABLED* magazine, Agilent ranked 28th among employers their readers would like to work for or believe would provide a progressive environment for people with disabilities. Patty O'Sullivan, Agilent's Functional Lead for Global Disabilities, stated: "I am proud of Agilent's long-standing and continuous commitment to be a model employer for people with disabilities, reflecting the true meaning of inclusion for all."

Customers and partners

"We have long-standing relationships with many of the industry leaders in the markets we serve. We are determined to keep improving the speed and flexibility with which we not only address but anticipate customer needs."
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, encouraging them to adopt sound EHS management practices. We work on corrective action plans with suppliers who do not meet our criteria to help them improve in identified areas.

Did you know…
The Agilent Customer Satisfaction (ACS) program focuses on measuring and improving customer satisfaction. 1,800 web-based customer surveys are completed each month in 4 regions and 12 languages. Results are available real time, include improvement opportunities and are the key inputs to the "Customer First" metrics of Agilent's Quarterly Scorecard.

"It is critical we understand what our customers are saying about their experiences with Agilent," said Bill Kampe, Agilent Quality Information Manager. "ACS helps action planning and improvement by providing high-quality data."

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…
In February, Agilent Germany's Boeblingen site hosted the regional science contest Jugend forscht - Schueler experimentieren. The jury reviewed scientific projects produced by 80 young researchers, ages 8 to 21. "We are proud to host this event," said Reinhard Hamburger, Agilent Germany Country Manager. "It is our responsibility to get young people interested in technology and sciences. After all, they are the future lifeblood for companies like Agilent."

Financial performance

"Agilent provides innovative products and technologies and operates with the highest ethical standards. We value our recognition by the investment community as both a market leader and a leader in social and environmental responsibility."
Adrian Dillon, Executive Vice President and Chief Financial Officer

Transparent and open
Scandals in international corporations over the past several years have made 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 2003 reporting strategy, which also includes the Notice of 2004 Annual Meeting and Proxy Statement, the 2003 Annual Report, the Report on Form 10-K and the 2003 Corporate Report.

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

	US	Japan	Rest of world	Total
Year ended 10/31/2003	2203	657	3196	6056
Year ended 10/31/2002	2355	597	3058	6010
Year ended 10/31/2001	3373	1083	3940	8396

Financial overview (million US$)

	2003	2002	% change
Net revenue	6056	6010	1
Loss from operations (GAAP basis)	(725)	(1607)	55
Non-GAAP adjustments:			
Restructuring expenses	372	474	(22)
Goodwill and intangibles amortization and other	64	378	(83)
Loss from operations (non-GAAP basis)	(289)	(755)	62

Highlights
Some economic performance highlights during 2003 were:

- Agilent was named "Best in Class" by Storebrand Investments for our social and environmental performance
- For the third year in a row Agilent was chosen to be listed on the Dow Jones Sustainability World Index and the FTSE4Good (Financial Times Stock Exchange) Global and US Indices
- Agilent was included in the Calvert Social Index and the Ethibel Sustainability Index
- Agilent stock was included in mutual funds committed to environmental sustainability, including such funds as Portfolio 21.

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

Independent assessment
Several socially responsible investment (SRI) funds have provided the following comments regarding Agilent.

"Calvert applauds Agilent Technologies' commitment to transparency. Agilent's annual Environmental and Social Responsibility Report, based on Global Reporting Initiative's guidelines, demonstrates the company's attention to sustainability. Moreover, the company's willingness to dialog with stakeholders on these critical issues shows a keen dedication to good governance."
Jennifer Kay Woofter, Calvert Social Research Associate

"Storebrand lauds the dedication Agilent has demonstrated in its environmental practices, most especially for establishing targets and its approach to communicating its environmental work. Agilent ranks among the top performers in all of Storebrand's social responsibility indicators, in fact receiving the best overall score on social performance. Storebrand acclaims Agilent's social responsibility practices."
Hege Haugen, Socially Responsible Investments Analyst, Storebrand

"FTSE Group is pleased to confirm that Agilent Technologies has been independently assessed according to the FTSE4Good criteria and has satisfied the requirements to become a member of the FTSE4Good Index Series. Created by the independent financial index company FTSE Group, FTSE4Good is a financial index series that is designed to identify companies that meet globally recognised corporate responsibility standards."
FTSE Group

Did you know…
In 2003, Agilent was included in five socially responsible index funds, including the Dow Jones Sustainability World Index (DJSI World) for the third successive year. According to Hilliard Terry, Director, Agilent Investor Relations, "Investors increasingly see our commitment to economic, environmental and social management as a competitive advantage and another factor for long-term success."

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
- Meet the expectations of our stakeholders.

Compliance

It is Agilent's policy to aim toward full compliance with 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 2003 fiscal year, there were ten alleged regulatory violations associated with EHS operations at our sites worldwide. We were not issued monetary fines as a result of incidents. There were no significant spills of chemicals, oils or fuels.

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.

	2001	2002	2003
Number of alleged EHS violations globally	29	30	10
Corresponding fines	<US$2200	0	0
Location	Asia Pacific	Europe	USA
Number of alleged EHS violations in 2003	0	0	10 [1]

Data is reported for fiscal years.

[1] Two of the alleged EHS violations in the United States were for hazardous waste labelling and the other eight were for administrative wastewater permit issues.

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 EHS 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. Agilent achieved its first registration to BS7750 (the precursor to ISO 14001) in 1995 at our South Queensferry, Scotland, site, which was a participant in the pilot program. Building on those local efforts, we achieved ISO 14001 registration of our company-wide EHSMS 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 our existing manufacturing sites to the ISO 14001 certificate through local site registration audits. This was well ahead of our original December 2003 target completion date. We will continue to add or remove sites from the registration as they begin or discontinue manufacturing operations.

OHSAS 18001
Our South Queensferry site in Scotland 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 (EHS) 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.

Environmental, health and safety (EHS) objectives and targets

The EHSMS is implemented as part of Agilent's overall business processes through which 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 2003 and those we have set for 2004. 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, which our sites use 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, programs and principles that Agilent has used or modelled 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
- US EPA Memorandum of Understanding with semiconductor manufacturers – see the section of this report entitled 'Emissions'.

Our organization

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

Agilent Quality and Engineering Services (QES) and Global Workplace Services jointly provide leadership for Agilent's environment and sustainability programs. Agilent QES reports into Agilent's Chief Operating Officer, and Workplace Services reports into Agilent's Chief Financial Officer. Success is achieved through active partnership with each of Agilent's business groups.

Agilent QES is responsible for the company-wide EHSMS, the ISO 14001 program, the Product Market Access Department (which includes the Product Stewardship Program and Product Regulations and Compliance) and the Supplier Environmental and Social Responsibility 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 global site operations. It includes regional and site EHS and Facilities managers as well as staff. These EHS and Facilities professionals work closely with our business groups to ensure the needs of the businesses are met.

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

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

Citizenship
The organizations mentioned above 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 out more 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. More information is available at:
www.agilent.com/environment/ohspolicy.pdf.

Product safety and regulations policy
To provide products and services that meet legal requirements and are safe for their intended markets and applications. To find out more, visit:
www.agilent.com/environment/safepolicy.pdf.

Quality policy
To earn customer loyalty by providing products and services of the highest quality and greatest value. You can find out more 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 also 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 and Disaster Recovery Planning
- Contracts Risk Management
- Incident Response
- Merger and Acquisition Due Diligence
- Property Protection Engineering.

Significant environmental, health and safety (EHS) aspects

Agilent's activities can have positive and negative impacts on the environment and on occupational health and safety. In our EHSMS, 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 2004 fiscal year are:

* Chemical use, storage and handling
* Contractor activities
* Energy use
* Force, frequency and posture (ergonomics)
* Materials selection
* Materials use
* Solid waste generation.

Agilent's significant company-wide EHS aspects for 2003 fiscal year were:

* 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.

With programs in place to address the 2003 significant aspects, the list was reduced for 2004 in order to focus attention on those aspects considered most significant for Agilent sites globally. It is important to note that we have controls in place to manage risks in these areas.

Did you know…
Agilent Semiconductor Products Group Labs in Singapore have implemented a Safety Management System in order to meet the requirements of both Singapore's Ministry of Manpower and the National Environment Agency, the government agencies that regulate EHS issues. Both sites underwent audits this year and passed without any major issues.

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. These include:

- The Agilent Customer Satisfaction program surveys customers at various points across the businesses and regions and reports the results quarterly.
- In 2002, we conducted an annual survey of employee attitudes toward the Agilent workplace, management and other issues. In 2003 Agilent worked to improve the survey format and usability. The latest survey was conducted in December 2003 and results are expected in early 2004.
- We hold "town hall" meetings so that employees can raise issues of concern with senior management.
- We conduct Interactive Leadership Action Training with Agilent managers.
- We support the establishment of volunteer sustainability discussion groups where our employees can discuss personal and company actions related to sustainability. These currently exist at our manufacturing sites in Sonoma County, California and Loveland, Colorado.
- We intend to conduct a survey of community, government, business and other external stakeholders in early 2004 to gauge our perceived effectiveness in addressing important citizenship-related issues.
- Public Affairs managers engage with community representatives at a local level around our major employment centers.
- We encourage our suppliers to adopt sound environmental and health and safety management practices.
- Last year's Environment and Social Responsibility Report invited stakeholders to provide feedback and to ask further questions via e-mail and telephone. We invite similar feedback this year.

- We summarize the key data from this report in the Environment and Social Responsibility section of Agilent's 2003 Corporate Report.
- Agilent's last three Environment and Social Responsibility Reports were reviewed by Business for Social Responsibility (BSR), a US-based non-profit 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 at 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, Agilent Quality, in conjunction with Investor Relations, reviews our scores from socially responsible investment indices, to identify areas where we may need to improve. Similarly, Public Affairs uses the input it receives 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 to: 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 who 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 or CFO, 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.

Shareholder meeting
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

"Our sourcing criteria, partner selection, and community outreach programs, are testament to our commitment to environment and social responsibility. These values span our sourcing, procurement and business operations."
Anita Manwani, Vice President and General Manager of Global Sourcing

Upstream impacts

Supplier Environmental and Social Responsibility Management Program
Agilent's relationships with suppliers are of strategic importance. We inform our suppliers, partners and contractors of our environmental expectations, encouraging them to adopt sound environmental management practices.

We communicate three environmental expectations to our suppliers, namely that they should:

- Conform with applicable EHS laws and regulations, and basic international principles relating to labor standards and environmental protection.

- Comply with international restrictions regarding the material content of Agilent products. We require our direct material suppliers to restrict the use of certain substances in our components and parts.

- Adopt sound EHS management practices. Agilent has specific criteria for our strategic suppliers' EHSMS and compliance with material restrictions. We work with suppliers who do not meet our criteria to help them improve in identified areas, and strategic onsite contractors in the United States are asked about their contributions to Agilent's EHSMS and compliance with laws and regulations.

In 2003, Agilent implemented a new process to assess environmental and social responsibility risk related to Agilent's direct material suppliers. We screen our suppliers with respect to chemical- or labor-intensive operations, quarterly spend and country of operation. This process enables us to conduct in-depth evaluations on a subset of suppliers and work on corrective action plans with those representing the highest potential risk.

Supplier Diversity Program

"Supplier diversity is no longer an issue of social conscience, it is a fundamental business strategy. The success of the organization and economy depends on enabling all businesses to share in economic growth. Through Supplier Diversity Business Development, Agilent enlarges our pool for good ideas and high-quality goods and services."
Darlene L. Jenkins, Director, Supplier Diversity and Sales Support Program

Agilent continues to meet key customer requirements by proactively sourcing products and services from Minority, Women, Disabled Veteran-owned Business Enterprises (MWDVBEs). As businesses continue to respond to changing demographics, Agilent's policy of sourcing and selling products through MWDVBEs is a corporate objective.

During 2003, Agilent's Supplier Diversity Program maintained supplier outreach strategies and supplier development objectives. Challenged with a difficult economic year, Agilent sourced 6.1% from MWDVBEs in 2003. In 2004 fiscal year, Agilent will continue to emphasize and expand supplier diversity strategies throughout the company.

Downstream impacts

Agilent has a number of downstream impacts, which we monitor and manage through our EHSMS. 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…

On September 25, the Minority Supplier Development Council of Pennsylvania, Delaware and New Jersey, one of the US minority supplier development organizations we support through supplier training and mentoring programs, honored Agilent with its Bronze Eagle award for outstanding achievement in supply chain diversity efforts and customer satisfaction. The award recognizes our Global Sourcing Supplier Diversity Program for supporting MWDVBE procurement objectives.

Values

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

Standards of Business Conduct
Our values are the foundation for our Standards of Business Conduct (SBC), 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.

Performance

"This year, we have increased the breadth of data and information we publish and reduced estimation in our data collection process. These improvements are just two examples of our continual improvement."
Aimee McCord,
Program Manager, Environment and Social Responsibility Report

Performance highlights table

Indicator	2001	2002	2003
Financial performance			
Net revenue (million US$)	8396	6010	6056
Environmental performance			
Packaging (metric tons)	3473	820	905
Energy consumption (1,000 gigajoules)	2987	2862	2612
Water usage from operations (1,000 cubic meters)	3960	3563	2856
Emissions to air (metric tons)	21	19	TBA*
Total CO_2 emissions (million kg)	359	345	332
Waste produced (metric tons)	13831	10788	TBA*
Number of alleged EHS violations globally	29	30	10
Fines for alleged violations	<US$2200	0	0
Social performance			
Employee numbers	41400	36000	29000
Gender mix (% male/female)	n/a	60.6/39.4	59.6/40.4
Injury/illness rate	1.3	1.0	0.9

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

We have used the 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 2003 figures for environmental data will not be available until after the February 2004 report publication. We note these occurrences in the data tables and will update these sections of the report in mid-2004 when the data becomes available. We recognize challenges such as this and are looking for opportunities for continual improvement in 2004.

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

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 2003. Some of the data is reported for our 2003 fiscal year (November 1, 2002 to October 31, 2003) 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 minimizing the annual estimation of water, waste and air emissions data. For water data, we now have systems in place to expedite the collection of fourth quarter data and include it in the report at the time of publication, minimizing estimation. For waste and air emissions, data for a full calendar year is not available until approximately March of the following year (i.e. calendar year 2003 data is available in March 2004). In the past, we had estimated the fourth quarter of data in order to include it in the report. This year, we have decided to wait for the full year of data in these areas. These sections of the report, therefore, will be updated with 2003 data in mid-2004.

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. This year we have increased the data presented by including items such as total wages and benefits and CO_2 emissions.

The data collection process is an ongoing challenge and we have set new objectives for our performance in this area during 2004. Specifically, we have objectives in place regarding improving tracking of CO_2 emissions and hazardous materials in our products.

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

Health and safety data in this report represents Agilent's worldwide operations (including manufacturing and field sites).

The environmental data covers the following major manufacturing sites and Agilent Laboratories (Palo Alto):

Americas: [1]
San Francisco Bay Area, California
Newark, San Jose – Trimble Road and Santa Clara – Bowers (formerly combined as Bay Area SPG); Palo Alto (Labs); Folsom; and Santa Clara – Stevens Creek

Colorado
Colorado Springs, Loveland and Fort Collins

East Coast
Wilmington, Delaware (includes the Little Falls manufacturing site. A smaller manufacturing operation at Newport is not included in this data.)

Northwest
Lake Stevens and Spokane, Washington; Sonoma County, California (two sites – Rohnert Park and Santa Rosa – Fountaingrove. The Santa Rosa Airport site closed during 2003 and data for the site is not included.)

Europe:
Germany
Boeblingen and Waldbronn

UK
Ipswich and South Queensferry

Asia Pacific:
China
Shanghai

Japan
Hachioji and Kobe

Malaysia
Penang

Singapore
Three sites – Depot Road, Yishun and Senoko

[1] All manufacturing sites within the Americas are located in the United States. Two sites – Rockaway, New Jersey and Palo Alto, California (California Avenue) – were included in previous years, but are not included in this report. The sites were closed prior to 2003.

Agilent closed a number of sites listed above during 2003. Since this report covers 2003, we have included data for most of these sites that was collected throughout the year. We have reported data for the quarters prior to closure. The data tables within the report are footnoted to indicate where this is applicable.

Some 2002 environmental data presented here may vary from that reported in our 2002 Environment and Social Responsibility Report. Corrections to data estimated for 2002 were made when actual data differed substantially from the estimated data. These changes are noted in the data tables, where applicable.

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.

How we collect data

Environmental, health and safety (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

Report data collected annually:

- Chemical waste (CY)
- Solid waste (CY)
- Product-related data (FY)
- Air emissions reported to government (CY)
- Product packaging (FY - collected on an ongoing basis).

Report 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)
- Perfluorocompounds (PFC) emissions (CY).

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

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

Environmental performance highlights

Environmental achievements during 2003 include:

- Completed ISO 14001 certification including the company-wide EHSMS and existing manufacturing sites
- Reduced company-wide energy use by more than 2% (measured in kilowatt-hours per square foot) (see 'Energy' section for discussion regarding objective and target)
- Increased the diversion of chemical waste from landfill by significantly greater than our 5% target, company-wide
- Introduced voluntary 'beAgilent.beSustainable' training for interested Agilent employees worldwide
- Won Pollution Prevention Champion award from the State of Colorado for efforts at Agilent's Fort Collins site
- Won Waste Reduction Awards Program (WRAP) awards from the California Integrated Waste Management Board for our Agilent Labs (Palo Alto) and Sonoma County sites
- Provided Agilent's procurement employees' training on "Agilent's Environmental and Social Expectations of our Suppliers"
- Developed and implemented a Supplier Environmental and Social Responsibility Risk Evaluation Process.

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 good opportunity for improvement over the next few years."
Renee Olson,
Manager, Product Stewardship

Making efficient use of our resources benefits our business, our stakeholders and the environment.

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

- We review our products and services to ensure they meet our guidelines for materials management
- We have established recycling, remarketing and refurbishment programs
- We have implemented packaging alternatives that reduce associated negative environmental impacts
- Each of our businesses has a Product Stewardship team that seeks ways to improve resource use in product design and manufacturing
- We have made significant progress toward eliminating lead from our component products.

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.

Product packaging
Agilent educates its development engineers about the environmental effects of poorly designed product packaging. We encourage our engineers to design products that are environmentally preferable – both with regard to materials used and packaging required. 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 we need to recycle damaged and unused products.

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.

Did you know…
Loveland Environmental Action Partners (LEAP), an employee sustainability group in Loveland, Colorado, distributes advice to employees about recycling and preserving the Earth in a biweekly newsletter. Each holiday season LEAP supports this initiative by hosting a gift-wrapping giveaway using recycled materials. LEAP also organizes Earth Week and Take Your Kids to Work Day events at the site.

Product packaging used (metric tons)

Fiscal year	2001	2002	2003
Paper/card	2015	502	735
Plastics	445	104	49
Aluminum	2	0	0
Steel	9	2	0
Wood	952	190	116
Composite	42	20	5
Glass	0	0	0
Other	8	2	0
Total	3473	820	905

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 2003, we continued to improve our data accuracy and to see a shift in product mix reflected in the packaging data. Our business downturn in 2002 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.

Case study | Earth Day 2003

Thousands of Agilent employees worldwide were active in Earth Day 2003 projects, educating themselves, building awareness among others and preserving a legacy for the future.

The broad range of events - displays of fuel-cell and solar technologies, composting seminars, speakers from government, beAgilent.beSustainable training, alternative vehicles and cycle-to-work promotions - shed light on the many environmental challenges that exist today. Agilent Action was also under way as Agilent volunteers in Japan, the United States and the United Kingdom participated in activities within their communities, such as tree planting, creek and trail clean-ups and shoreline restoration. This year, particular emphasis was placed on educating employees about reuse and recycling.

Case study | Resource use

In 2003, Agilent's Rohnert Park, California, site conducted an informal evaluation of the change from china dishes and metal flatware to paper plates and plastic flatware in the site cafeteria. When considering environmental factors, including water, energy, landfill, source materials and manufacturing, Agilent concluded that plastic and paper use more resources and have a greater impact on the global environment.

However, social and economic factors influenced the final decision to continue using disposable serving materials. The cafeteria would have closed if short-term cost savings, such as using disposable dishes and reducing staff, were not implemented. Closure would mean employees driving off site for meals, resulting in an estimated 1,000 extra road miles per day.

The steps towards sustainability are awareness of the problems, education in solutions and designing for a sustainable future. Despite tough economic conditions, Agilent tries to evaluate the many implications these choices have.

Case study | School supplies donated

Once the dust had settled after the June 13 Clean-Up Day at Agilent in Spokane, Washington, the site found itself with more than 1,000 excess three-ring binders stacked on the loading dock. Thanks to Camp Fire USA – a United Way member agency focused on youth development of boys and girls – and on-the-spot help from Agilent employees, the binders were given to low-income students throughout the Spokane region as they prepared for a new school year. This effort supported a longstanding Camp Fire program called 'Kids Helping Kids Back To School.' Through the program, Camp Fire volunteers collect basic school supplies for children who otherwise could not afford them. This helps kids start school on an equal footing. They are better equipped to learn, and economically stressed families have one less thing to worry about.

Energy

"Agilent's energy management program involves employees and contractors from many functions and across the globe. We work together to lower usage. These efforts produce significant cost savings and reduce Agilent's impact on the environment."
Mary Bacchetta, 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 working toward this goal by implementing controls on energy use across our sites. Since the end of 2001, we track energy use from our major manufacturing sites and our office sites that occupy more than 100,000 square feet.

Since 2000 we have reduced energy use per square foot by a total of 15.9%. We fell short, however, of our target for a 5% annual reduction in 2003 due to operational transfers among sites and reduced capital spending on energy-related projects. We achieved a reduction of only slightly more than 2%.

In 2003, we built on the objectives and targets we set in 2001 and 2002 by:

• 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 2003, we improved our data collection by hiring a third party to review and enter the data into a web-based tool improving our analysis capabilities for the data across the United States. We hope to expand this activity globally in 2004 fiscal year.
• Ensuring Agilent's utility team and third-party facilities maintenance contractor understand how they impact and influence energy consumption resulting from operations.

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

In 2003, Agilent purchased over 727 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 332 million kilograms of CO_2 to the atmosphere. This compares to 359 million kilograms in 2001 and 345 in 2002.

Did you know…

Agilent's headquarters in Palo Alto, California, has signed up to PaloAltoGreen, which allows subscribers to purchase renewable energy. Now, 6% of the site's total electricity usage comes from wind and solar sources, helping us address global climate change and moving us toward our goal of a 5% reduction in CO_2 emissions.

Energy consumption worldwide (1,000 gigajoules)

Fiscal year	2001	2002	2003
Total electricity consumption [1]	2183	2053	1913
(percentage renewable*)	(23%)	(19%)	(16%)
Total natural gas/fuel oil consumption	804	809	698
Total energy consumption	2987	2862	2612

Regional breakdown

Asia Pacific (1,000 gigajoules)

Fiscal year	2001	2002	2003
Total electricity consumption	519	556	557
(percentage renewable*)	(1%)	(1%)	(13%)
Total natural gas/fuel oil consumption	20	23	25
Total energy consumption	539	579	582

Europe (1,000 gigajoules)

Fiscal year	2001	2002	2003
Total electricity consumption	271	214	189
(percentage renewable*)	(1%)	(3%)	(2%)
Total natural gas/fuel oil consumption	89	83	57
Total energy consumption	360	297	246

USA (1,000 gigajoules)

Fiscal year	2001	2002	2003
Total electricity consumption	1393	1283	1167
(percentage renewable*)	(36%)	(30%)	(19%)
Total natural gas/fuel oil consumption	695	703	616
Total energy consumption	2088	1985	1784

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

* Starting in 2003 we are using local utility company definitions for renewable electricity. Prior to 2003 we defined renewable electricity to include wind, solar and hydroelectric.

Percentage renewable = renewable electricity/total electricity use

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

Asia Pacific – individual sites (1,000 gigajoules)

2003	Total electricity consumption (percentage renewable*)	Total natural gas/fuel oil consumption	Total energy consumption
Hachioji, Japan	52.3 (7%)	13.6	65.9
Kobe, Japan	20.0 (10%)	9.7	29.7
Shanghai, China [1]	8.5 (17%)	1.7	10.2
Penang, Malaysia [1]	292.0 (22%)	0.0	292.0
Singapore [1,2]	183.7 (0%)	0.0	183.7
Total	557.0 (13%)	25.0	581.5

[1] Additional operations added at site in 2003.

[2] Represents multiple sites.

Energy data is presented for fiscal year.

* Starting in 2003 we are using local utility company definitions for renewable electricity. Prior to 2003 we defined renewable electricity to include wind, solar and hydroelectric.

Percentage renewable = renewable electricity/total electricity use

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

Europe – individual sites (1,000 gigajoules)

2003	Total electricity consumption (percentage renewable*)	Total natural gas/fuel oil consumption	Total energy consumption
Boeblingen, Germany	76.8 (4%)	22.4	99.2
Waldbronn, Germany	18.8 (4%)	8.6	27.4
Ipswich, UK [1]	37.7 (0%)	7.7	45.4
South Queensferry, UK	55.8 (0%)	18.6	74.4
Total	189.1 (2%)	57.3	246.4

[1] Closed operations in mid-2003.

Energy data is presented for fiscal year.

* Starting in 2003 we are using local utility company definitions for renewable electricity. Prior to 2003 we defined renewable electricity to include wind, solar and hydroelectric.

Percentage renewable = renewable electricity/total electricity use

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

USA – individual sites

Bay Area West (1,000 gigajoules)

2003	Total electricity consumption (percentage renewable*)	Total natural gas/fuel oil consumption	Total energy consumption
Agilent Labs	72.2 (7%)	47.2	119.4
Santa Clara (SC)	94.3 (26%)	48.7	143.0
Total	166.5 (18%)	95.9	262.4

Bay Area East (1,000 gigajoules)

2003	Total electricity consumption (percentage renewable*)	Total natural gas/fuel oil consumption	Total energy consumption
San Jose (TR)	148.3 (12%)	63.3	211.6
Newark [1]	31.5 (12%)	38.4	69.9
Santa Clara (Bowers	13.0 (12%)	13.1	26.1
Folsom	10.5 (12%)	0.0	10.5
Total	203.3 (12%)	114.8	318.1

Colorado (1,000 gigajoules)

2003	Total electricity consumption (percentage renewable*)	Total natural gas/fuel oil consumption	Total energy consumption
Colorado Springs	123.2 (10%)	32.4	155.6
Loveland	93.2 (20%)	62.0	155.2
Fort Collins[2]	279.5 (30%)	187.5	467.0
Total	495.9 (23%)	281.9	777.8

East Coast (1,000 gigajoules)

2003	Total electricity consumption (percentage renewable*)	Total natural gas/fuel oil consumption	Total energy consumption
Wilmington, DE	44.8 (2%)	8.7	53.5
Total	44.8 (2%)	8.7	53.5

Northwest (1,000 gigajoules)

2003	Total electricity consumption (percentage renewable*)	Total natural gas/fuel oil consumption	Total energy consumption
Lake Stevens, WA[3]	5.6 (69%)	6.0	11.6
Spokane, WA	33.8 (70%)	12.5	46.3
Sonoma County, CA[4]	217.1 (12%)	97.0	314.1
Total	256.5 (21%)	115.5	372.0

[1] Closed operations in mid-2003.

[2] Additional operations added at site in 2003.

[3] Closed operations in Fall 2003.

[4] Represents multiple sites.

Energy data is presented for fiscal year.

* Starting in 2003 we are using local utility company definitions for renewable electricity. Prior to 2003 we defined renewable electricity to include wind, solar and hydroelectric.

Percentage renewable = renewable electricity/total electricity use

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

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

Fiscal year	2001	2002	2003
Total energy/net revenue	36	48	43
Total electricity/net revenue	26	34	31

Integrated data – CO$_2$ emissions (kg/100 US$)

Fiscal year	2001	2002	2003
Total CO$_2$ emissions/net revenue	4.28	5.74	5.48

Integrated data – total electricity per square foot (kwh/sqft)*

Fiscal year	2001	2002	2003
Total electricity per square foot	64.1	57.3	56.1

* based on quarterly data

The energy to net revenue ratios have fluctuated over the last three years with a slight decline from 2002 to 2003. The 2003 decline is due to an energy usage decrease of approximately 10% while net revenue remained relatively constant. From 2001 to 2002, energy usage also declined slightly, however, net revenue declined by nearly 30%. Energy usage generally does not correlate directly to production but relates more closely to square footage of building space.

While CO_2 emissions from energy have dropped approximately 3.8% per year for the last two years, net revenue dropped significantly from 2001 to 2002 (nearly 30%) but remained relatively constant from 2002 to 2003. This led to an increase in the indicator from 2001 to 2002 and only a small decline in the indicator from 2002 to 2003.

Agilent's electricity usage has declined significantly over the last two years. However, during that time (and especially from 2002 to 2003), Agilent has also significantly reduced our square footage of property. Therefore, the indicator is relatively constant from 2002 to 2003.

Case study | Reducing emissions

Agilent received a certificate of appreciation from the US Department of Energy (DOE) in July for "demonstrating commitment to voluntary approaches to environmental protection." The certificate, signed by the US Secretary of Energy, recognizes Agilent for taking actions to reduce greenhouse gas (GHG) emissions. Agilent was one of 232 companies to voluntarily submit 2001 GHG emissions data to the DOE. Agilent's report included emissions estimates for energy usage, Agilent's primary source of GHG emissions, at its worldwide manufacturing operations.

"Agilent has taken important first steps in tracking and reducing our energy usage," said Mary Bacchetta, Agilent's Energy Program Manager. "This type of recognition, along with the significant cost savings associated with our energy-reduction efforts, is important in continuing our energy programs." Agilent monitors energy efficiency and cost-saving opportunities. Employees assist in these efforts by turning off lights and equipment when not in use and reporting conditions that may increase energy use.

Case study | Light sensor reduces battery replacements

Agilent Technologies recently introduced the Agilent Ambient Light Photo Sensor (HSDL-9000), which detects the amount of ambient light available to mobile phones, PDAs and laptop computers. Backlighting, especially on color LCD displays, consumes a significant amount of power, but the light detected by the sensor is used to adjust the backlighting on the screen or keypad, thereby reducing battery usage and extending battery life. In suitably bright conditions, backlighting is not activated at all.

The spectral response of the sensor peaks at the same frequency as the human eye, therefore accurately predicting when backlighting is needed - about 40% of the time. The sensor reduces battery recharges or replacements in portable devices.

The sensor performs equally well under fluorescent and halogen light. The technology could also be applicable to television and audio systems, vehicle dashboard lighting and in-vehicle entertainment systems.

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

Although water use is not a significant aspect for Agilent, we are committed to water conservation and water management projects around the globe. Water use for Agilent is primarily due to building operations, with few manufacturing sites having significant water use from production. However, Agilent has still embarked on local water conservation programs at many of our sites. These programs typically include efforts to reduce water use such as operational control changes, the use of reclaimed water and the inclusion of drought-tolerant plants in landscaping projects.

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 (1,000 cubic meters)

Fiscal year	2001	2002	2003
Total water use for operations	3960	3563	2856 [1]
Total water use for irrigation	473	498	197
Total water use	4433	4061	3053 [2]
Water recycled from operations	228	354	104 [3]
(percentage recycled*)	(6%)	(10%)	(4%)

Regional breakdown

Asia Pacific (1,000 cubic meters)

Fiscal year	2001	2002	2003
Total water use for operations	1261	1008	864 [1]
Total water use for irrigation	0	3	1
Total water use	1261	1011	865 [2]
Water recycled from operations	1	57	21 [3]
(percentage recycled*)	(0%)	(6%)	(0%)

Europe (1,000 cubic meters)

Fiscal year	2001	2002	2003
Total water use for operations	180	169	108 [1]
Total water use for irrigation	0	1	0
Total water use	180	170	108 [2]
Water recycled from operations	0	0	0 [3]
(percentage recycled*)	(0%)	(0%)	(0%)

USA (1,000 cubic meters)

Fiscal year	2001	2002	2003
Total water use for operations	2519	2386	1884 [1]
Total water use for irrigation	473	494	196
Total water use	2992	2880	2080 [2]
Water recycled from operations	227	297	833 [3]
(percentage recycled*)	(9%)	(12%)	(4%)

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

[2] Total water use decreased from 2002 to 2003. This is primarily due to a reduction in the water use for operations. It is also due to a decrease in water use for irrigation. It is unclear if the reduction in water use for irrigation is actual or if it is in part due to changes in the data collection process. We continue to work to improve data collection for water usage.

[3] It is unclear if the decrease in water recycled from operations is actual or if it is due to changes in our data collection process this year, which impacted our ability to collect data on this metric. We have identified this as an area for improved data collection in the future.

* Percentage recycled = water recycled from operations/total water use for operations

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

	Total water use for operations	Total water use for irrigation	Water recycled from operations [2]	Total water use
Hachioji, Japan	14	-	-	14
Kobe, Japan	22	-	-	22
Shanghai, China	10	0	-	10
Penang, Malaysia	621	-	21	621
Singapore [1]	197	1	-	198
Total	864	1	21	865

[1] Represents multiple sites

[2] It is unclear if the decrease in water recycled from operations is actual or if it is due to changes in our data collection process this year, which impacted our ability to collect data on this metric. We have identified this as an area for improved data collection in the future.

Data is presented for fiscal year.

* Percentage recycled = water recycled from operations/total water use for operations

- = not available

Europe – individual sites (1,000 cubic meters)

	Total water use for operations	Total water use for irrigation operations [2]	Water recycled from	Total water use
Boeblingen, Germany	49	0	0	49
Waldbronn, Germany	10	0	0	10
Ipswich, UK [1]	13	0	0	13
South Queensferry, UK	36	0	0	36
Total	108	0	0	108

[1] Closed operations in mid-2003.

Data is presented for fiscal year.

* Percentage recycled = water recycled from operations/total water use for operations

- = not available

Bay Area West (1,000 cubic meters)

	Total water use for operations	Total water use for irrigation operations [1]	Water recycled from	Total water use [2]
Agilent Labs	111	-	-	111
Santa Clara (SC)	99	-	-	99
Total	210	-	-	210

Bay Area East (1,000 cubic meters)

	Total water use for operations	Total water use for irrigation operations [1]	Water recycled from	Total water use [2]
San Jose (TR)	197	-	-	197
Newark [3]	62	-	-	62
Santa Clara (Bowers) [3]	15	-	-	15
Folsom	7	-	-	7
Total	281	-	-	281

Colorado (1,000 cubic meters)

	Total water use for operations	Total water use for irrigation operations [1]	Water recycled from	Total water use [2]
Colorado Springs	106	39	-	145
Loveland	51	31	-	82
Fort Collins [4]	849	-	-	849
Total	1006	70	-	1076

East Coast (1,000 cubic meters)

	Total water use for operations	Total water use for irrigation operations [1]	Water recycled from	Total water use [2]
Wilmington, DE	16	-	-	16
Total	16	-	-	16

Northwest (1,000 cubic meters)

	Total water use for operations	Total water use for irrigation operations [1]	Water recycled from	Total water use [2]
Lake Stevens, WA[5]	2	-	-	2
Spokane, WA	114	-	-	114
Sonoma County, CA[6]	255	126	83	381
Total	371	126	83	497

[1] It is unclear if the decrease in water recycled from operations is actual or if it is due to changes in our data collection process this year, which impacted our ability to collect data on this metric. We have identified this as an area for improved data collection in the future.

[2] Total water use decreased from 2002 to 2003. This is primarily due to a reduction in the water use for operations. It is also due to a decrease in water use for irrigation. It is unclear if the reduction in water use from irrigation is actual or if it is in part due to changes in the data collection process. We continue to work to improve data collection for water usage.

[3] Closed operations in mid-2003.

[4] Additional operations added at site in 2003.

[5] Closed operations in Fall 2003.

[6] Represents multiple sites.

Data is for fiscal year.

* Percentage recycled = water recycled from operations/total water use for operations

- = not available

Integrated data – water

Fiscal year	2001	2002	2003
Total water usage for operations/net revenue (1000 cubic meters/100 million US$)	47	59	47
Total water usage for operations/average number of employees [1] (m^3/employee)	90	92	88

[1] Average number of employees = (number of employees at the beginning of a fiscal year + number of employees at the end of the fiscal year)/2.

Total water usage for operations declined approximately 20% from 2002 to 2003 while net revenue remained relatively constant. The decrease in water usage led to a significant decrease in the water usage to revenue ratio. The total water usage per employee ratio only decreased slightly from 2002 to 2003, however, since the average number of employees decreased similarly to water usage (approximately 16%). These changes reflect the fact that water usage generally correlates more directly with square footage and number of employees than with production.

Case study | Wastewater treatment

Agilent's Fountaingrove site in Sonoma County, California, completed the fiscal year without a single violation or excursion and was nominated for the 2003 Pretreatment, Pollution Prevention and Stormwater Facility of the Year award. Its industrial waste discharge permit does not require reporting of self-monitoring results due to the site's outstanding track record and good working relationship with local authorities.

In 2003, several water conservation projects were launched. One, providing closed-loop cooling to a one-pass city water system, saved US$15,000 a year and 2.6 million gallons of water, while the other reduced de-ionized water consumption at point-of-use by 4 million gallons and saved US$80,000 a year.

Approximately 38 million gallons of process wastewater were treated at Fountaingrove in 2003, of which 58% was reclaimed. Cost savings realized from the reclaim processes were approximately US$150,000.

At Agilent's other Sonoma County site, Rohnert Park, the Business Water Project, run by the Business Environmental Alliance, is now assisting businesses to adopt water-efficient, cost-effective practices.

Case study | Stormwater protection

When Agilent's headquarters in Palo Alto, California, were designed and constructed in 1999, many improvements were installed around the property to provide for stormwater protection. Agilent's staff, the architects, the contractors and the city of Palo Alto worked together to include structural stormwater management features such as biofilters and a detention basin, as well as positive transportation features such as bike racks and designated parking for electric vehicles.

Now, the Santa Clara Valley Urban Runoff Pollution Prevention Program (SCVURPPP) is highlighting these exemplary efforts as part of their "Manual of Better Site Design Examples", which is currently under production and scheduled for publication in 2004.

Wendy Edde of SCVURPPP stated, "Agilent's Palo Alto site is a shining example of design that will help protect water quality in the Bay Area, and one about which you can be proud."

Biodiversity

"Minimizing the impact that our facilities have on local ecosystems is 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 are 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, including tree planting, a guided tour of trees at the Agilent Labs site and landscaping and litter clean-ups to promote biodiversity.

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

Case study | CleanFerry award
In March 2003, Agilent's South Queensferry, Scotland, site received the CleanFerry award for environment-friendly initiatives, such as the creation of a wildlife garden, participation in Earth Day and developing recycling schemes.

The CleanFerry group is comprised of a few local champions aiming to improve the local environment through raising awareness and improving the enforcement of littering laws. Local residents, businesses, environmental groups, and council officials attend meetings and organize events such as a beach clean-up on the shores of the River Forth, with Agilent donating gift vouchers as an incentive for volunteers to participate.

Mike McBride, who accepted the award for Agilent, said, "It is amazing to think that a few likeminded individuals have managed to accomplish a lot in such a short time. Agilent's involvement has been enough to stimulate interest - and the incentives, refreshments and other 'prizes' provided by other local organizations have worked well."

Case study | River clean-up

Since 1997, the Agilent San Jose, California, site has taken on the clean-up of a local water way, the Guadalupe River. As part of the region's Adopt-a-Creek program, at least once per year Agilent volunteers from the Bay Area don their boots, gloves and insect repellent and pick up litter and debris from the riverbed. This project is no easy task as the garbage found has ranged from car tires to shopping carts. But it has special interest to the employees, since the river runs close to the site and, more important, is filled with wildlife such as snowy egrets and blue heron. The employee volunteers can be proud, as salmon have recently been seen returning to the river.

Emissions

"Quality was the watchword for business in the 20th century; now the watchword is sustainability. Fundamentally, the same quality principles 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 met our 2003 objective of improving calculations of our CO_2 emissions by the end of 2003 and include that data in this report. The process has been a challenge due to the number of different reporting protocols and emission standards being developed across the globe.

With this in mind, we continue to investigate the various guidelines produced by industry, governmental and non-governmental organizations to determine the most suitable way to report our total greenhouse gas (GHG) emissions. At present we track energy use, including how much fuel oil and natural gas we burn, in terms of kilowatt-hours, joules and tons of CO_2 emissions.

For 2004 fiscal year, we have revised our energy objective and will now track Agilent energy consumption in terms of CO_2 emissions, in addition to kilowatt-hours per square foot.

Reducing the emission of GHGs, such as perfluorocompounds (PFCs), poses a technical challenge to semiconductor manufacturers. A joint announcement by the Semiconductor Industry Association (SIA) and the United States Environmental Protection Agency (EPA) pledged to reduce annual PFC emissions below 1995 baselines by 2010. Agilent signed this Memorandum of Understanding (MOU) in 2000, continues to support the agreement and is working toward the target levels.

Agilent's semiconductor manufacturing operations continue to develop new processes for making advanced electronic components, many of which contribute to products with greater energy efficiency and other customer benefits. These processes often depend on the use of GHGs as do all semiconductor manufacturers. Agilent is concerned about our commitments to environmental sustainability and as such is working on ways to reduce the use and emissions of GHGs wherever technology is available.

Our semiconductor sites are tracking the emissions of six GHGs and reporting the United States portion to the EPA via a third party, which summarizes the emissions from the United States signatories of the MOU.

The six gases being tracked are:

- Hexafluoroethane (Halocarbon 116) - C_2F_6
- Tetrafluoromethane (Halocarbon 14) – CF_4
- Trifluoromethane (Halocarbon 23) – CHF_3
- Sulfur Hexafluoride – SF_6
- Nitrogen Trifluoride – NF_3
- Perfluoropropane – C_3F_8

Ozone-depleting substances

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

Indirect impacts

Some of Agilent's indirect impacts include:

- The estimated 240 million miles flown by Agilent business travellers worldwide in 2003, which contributed a release of approximately 56 kilotons of CO_2
- The approximately 25 million miles driven by Agilent employees in the United States, which contributed a release of an estimated 11 kilotons of CO_2 (the Asia/Pacific and European fleet miles have not be quantified to date)
- The miles driven by employees to and from work (have not been quantified to date).

Air emissions reported to government worldwide (metric tons)

Calendar year	2001	2002	2003
Asia Pacific	12	7	-
Europe	0	0	-
USA	9	12	-
Total	21	19	-

Employee air travel (million miles)

Fiscal year	2001	2002	2003
Total	312.4	244.2	240.0

Employee air travel (kilotons CO_2) [1]

Fiscal year	2001	2002	2003
Total	73	57	56

Employee fleet travel (USA only) (miles) [2]

Fiscal year	2003
For business	18,725
For personal	6,496
Total	25,221

Employee fleet travel (USA only) (kilotons CO_2)

Fiscal year	2003
For business	8.2
For personal	2.9
Total	**11.1**

[1] The conversion factor used to calculate this data is 0.145kg CO_2 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.

[2] These numbers are for Agilent's United States fleet vehicles only. They do not include mileage from pool, group, and asset vehicles worldwide, Agilent's fleet vehicles outside the United States, or miles driven by employees to and from work. Going forward Agilent plans to collect mileage for the pool and group vehicles. It is not possible for Agilent to track asset mileage.

- = not available. 2003 data will be added in mid-2004.

Case study | Hazardous materials drill

In July, Agilent's San Jose, California, site hosted a mutual aid drill, which coordinated fire department hazardous materials teams from a number of Santa Clara County fire departments. The site emergency response team worked with the San Jose Fire Department trainers in planning the drill, setting up areas for the exercise and providing mock victims. The drills involved decontamination of multiple victims after a massive chemical exposure. The goal of the exercise was to prepare fire department personnel for a large event, which would require inter-agency cooperation using the incident command system. The drills were staged over three days, with new responders each day. This was the first time the site was used as a training facility for the local fire fighters. This exercise further strengthens the site relationship with the local fire departments and enhances the mutual aid efforts of fire fighters in the Santa Clara area.

Waste

"Agilent's innovative waste management projects are areas of environmental responsibility that really generate interest from 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.

This year Agilent met and exceeded our target of a 5% reduction in chemical waste to landfill on an annual basis well before the target project completion date of April 2003. A total of 29 metric tons of chemical waste to landfill was eliminated. When this goal was originally set, local sites did not think that they would be able to divert additional waste. As a result of this goal, however, local sites evaluated waste streams and a number of sites found new opportunities by working with their production teams and waste vendors. Manufacturing sites in the United States, Singapore, Malaysia and Japan implemented plans to reduce their chemical waste to landfill. In addition, Agilent deployed hazardous and specialty waste contracts on a global basis, and improved our waste vendor contract management process and our ability to track and report waste management activities. For the 2004 fiscal year we have set an objective regarding improved management of e-scrap. For more information see the discussion below.

Electronic scrap
Within Agilent, we have used an obsolete office equipment contributions process to ensure that computers, printers, fax machines and similar equipment are reused or recycled and some 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 and videocassette recorders. Currently we have a nationwide vendor for processing the electronic scrap in the United States, Noranda Recycling, Inc. (formerly Micrometallics). In 2003, Agilent sites in the United States recycled 565,990 pounds of electronic scrap, according to data provided by Noranda. This number is down from 845,900 pounds in 2002. Several factors have contributed

to this reduction in electronic scrap. Production has been down and, as a result, we generate less scrap. In addition, due to cost constraints, we have not been replacing computers, printers and electronic equipment as frequently as we have in the past.

Agilent recognizes this is an area where we continue to need focus. Many organizations are involved and yet roles and responsibilities are not always clearly understood. As a result, an objective and target has been set for 2004 fiscal year. We hope to further define roles and responsibilities and processes supporting the electronic scrap program worldwide in order to improve our performance in this area.

Did you know…
During May, Agilent's Stevens Creek site in Santa Clara, California, hosted a "spring clean-up." Recycled office supplies such as tape dispensers, notepads, bulletin boards, pens, pencils, desk trays, envelopes, erasers, and file folders were donated to Resource Area For Teachers (RAFT), a six-year-old non-profit organization located in San Jose, California. Employees put items in barrels, which were stationed throughout entrance areas and then delivered to RAFT.

Waste data worldwide (metric tons)

Calendar year	2001	2002	2003
Total waste produced [1]	13831	10788*	-
Total waste landfilled	5327	3427*	-
Total chemical waste [2]	850	770*	-
Chemical waste treated	83	52	-
Chemical waste incinerated	183	190	-
Chemical waste landfilled	73	814	-
Chemical waste recycled	511	447	-
Total solid waste [3]	12981	10018*	-
Solid waste incinerated	729	606	-
Solid waste landfilled	5254	3345*	-
Solid waste recycled	6998	6066*	-

Regional breakdown

Asia Pacific (metric tons)

Calendar year	2001	2002	2003
Total waste produced [1]	3413	2832	-
Total waste landfilled	1427	1011	-
Total chemical waste [2]	156	180	-
Chemical waste treated	25	16	-
Chemical waste incinerated	61	49	-
Chemical waste landfilled	13	71 [4]	-
Chemical waste recycled	57	44	-
Total solid waste [3]	3257	2653	-
Solid waste incinerated	364	330	-
Solid waste landfilled	1414	940	-
Solid waste recycled	1479	1382	-

Europe (metric tons)

Calendar year	2001	2002	2003
Total waste produced [1]	2073	2043	-
Total waste landfilled	542	445	-
Total chemical waste [2]	63	29	-
Chemical waste treated	29	10	-
Chemical waste incinerated	23	13	-
Chemical waste landfilled	3	0	-
Chemical waste recycled	8	6	-
Total solid waste [3]	2010	2014 [5]	-
Solid waste incinerated	194	122	-
Solid waste landfilled	539	445	-
Solid waste recycled	1277	1447	-

USA (metric tons)

Calendar year	2001	2002	2003
Total waste produced [1]	8345	5913*	-
Total waste landfilled	3358	1970*	-
Total chemical waste [2]	631	561*	-
Chemical waste treated	29	26	-
Chemical waste incinerated	99	128	-
Chemical waste landfilled	57	10	-
Chemical waste recycled	446	397*	-
Total solid waste [3]	7714	5352*	-
Solid waste incinerated	171	154	-
Solid waste landfilled	3301	1960*	-
Solid waste recycled	4242	3237*	-

[1] Total waste produced is calculated by adding total chemical waste and total solid waste tonnage.

[2] 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.

[3] 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 landscapes debris or grass cuttings, which are recycled as much as possible.

[4] 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 in 2002 when a facility became available.

[5] 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 2002 Environment and Social Responsibility Report. The numbers provided here represent actual figures. The numbers provided in the 2002 report were estimated.

- = not available. 2003 data will be added in mid-2004.

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

	2001	2002*
Total waste/net revenue	165	180
Total chemical waste/net revenue	10	13
Total solid waste/net revenue	155	167

* 2003 indicators will be added in mid-2004 when calendar year 2003 waste data becomes available.

Case study | Pollution Prevention at Fort Collins
The Fort Collins Pollution Prevention (P2) team received the 2003 Pollution Prevention Champion award from the state of Colorado in October. The award recognizes businesses for their implementation of pollution prevention and energy conservation programs.

Two chemical purifying and recycling systems were designed for the site eliminating an estimated 100,000 pounds of chemical waste to date. Solid waste diversion rates also increased at Fort Collins and the Loveland site resulting in diversion of 128,270 pounds of waste during the first nine months of 2003.

"The P2 team accomplished these great results while performing their vital job of supporting the manufacturing operations on this site," said Mark Anderson, Senior Manufacturing Manager, Semiconductor Products Group. "We continue to work as a team to conserve energy and prevent pollution while ensuring our manufacturing operations are running smoothly."

Products and services

"Technology leadership and innovation are what Agilent does best. Part of that leadership entails developing products and solutions that have minimal 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 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:

• Improved our system for tracking hazardous materials in our products
• Deployed additional environmental processes in new product introduction systems
• Developed an awareness presentation on product development and the environment, which is scheduled for delivery during 2004
• Continued to develop products and services that contribute to environmental sustainability. You can read case studies about our products throughout this report
• 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 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%
2003	11,030	14% [1]

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

[1] The rate of growth slowed in 2003 due to a decrease in the inventory of refurbished equipment available for sale. This was primarily associated with the decline in business and the subsequent decrease in availability of post-demo equipment, which contributes a significant portion of the product available for resale.

Did you know…

Fuel cells convert oxygen and hydrogen into electrical power, making them environmentally preferable to traditional power sources such as the combustion engine. Agilent's Life Sciences and Chemical Analysis group has developed a fast and accurate means of analyzing the gases formed within fuel-cell processors, which allows manufacturers to make efficient and environmentally friendly power.

Case study | First 60-mer microarray for rice

Agilent, in collaboration with Japan's National Institute of Agrobiological Sciences (NIAS), announced in November that it has commercialized the first 60-mer oligonucleotide microarray to aid the study of rice, a staple food for half the world's population. Researchers can use the Agilent Rice Oligo Microarray Kit to measure gene activity in rice and related cereal plants, helping to identify varieties with a greater tolerance to drought, salt, cold climate or pests.

Taken from a strain of rice mainly cultivated in Japan, the microarray covers more than 21,000 genes, estimated to be approximately half the total rice genome. Agilent uses inkjet-based technology to print DNA onto glass slides with up to eight times more sensitivity than previously. The microarray is based on actual, biologically expressed DNA sequences, not computer-generated sequences.

Case study | Environmentally friendly display panels

The Semiconductor Products Group's (SPG) Isolation Products Division (IPD) is playing a part in preserving the environment by offering lead-free optocouplers, which are used in applications such as wide-screen, flat-panel plasma display panels (PDPs) – the latest in home theater technology.

Semiconductor devices generally contain lead which, when discarded, can leach into the water supply, causing potential health problems. Legislation to restrict the use of lead has increased in many countries, although offering lead-free optocouplers gives Agilent a competitive edge over many other companies. "We're offering lead-free products now - before legislation requires us to do so – so our customers can produce environmentally friendly electronic products," said Atsushi Takada, Regional Product Manager for IPD.

"While our engineers work to produce leading-edge products, we are also committed to conducting our business in an environmentally responsible manner," added Kheng-Jam Lee, IPD Worldwide Marketing Manager.

Case study | Genetically modified screening

Agilent announced an efficient, high-resolution method for detecting genetically modified (GM) content in food products. Researchers can use the Agilent 2100 bioanalyzer to screen samples before running the expensive and time-consuming analyses that quantify GM content.

Consumer concern about GM organisms in food is high, particularly in Europe, and DNA analysis is currently the most effective way to detect GM ingredients in a wide range of food items.

Real-time PCR (polymerase chain reaction), the most widely accepted method for quantifying GM DNA, is expensive (up to US$300 for a single analysis) and time consuming. Most laboratories therefore conduct a screen of samples before performing a complete analysis. The Agilent 2100 bioanalyzer provides several advantages over the traditional method for testing in terms of resolution, convenience and speed of analysis.

Case study | Counteracting terrorism

For over 30 years, Agilent has been a leading provider of equipment used around the world to assist with the destruction of chemical weapons and to detect and identify chemical and biological agents.

Agilent is currently working with agencies, such as the United States Department of Defense, Department of Energy, Department of Health and Human Services and Department of Human Services, to develop smaller and faster instruments needed to detect and counteract terrorism. These include Lab-on-a-Chip

technology, which can analyze chemical or biological samples, including DNA, in minutes or seconds, and the Sherlock Microbial Identification System, which matches bacteria to a bio-terrorism database.

Case study | Water-testing conference
A major water-testing conference held in St. Petersburg, Russia, in October showcased Agilent's environmental testing solutions. Hosted by the Water Research and Control Laboratory of St. Petersburg, with assistance from local Agilent distributor Interlab Russia, the annual conference attracted more than 200 delegates.

In addition to the visibility Agilent received during the conference, Paul Stephens, Agilent's environmental specialist from Europe, delivered two presentations, one on the effects of EU directives on water-analysis methods and one on liquid chromatography and mass spectrometry (LC/MS) applications for monitoring herbicides and hazardous substances in an aquatic environment.

The St. Petersburg lab, which currently holds the title of 'Best Testing Laboratory in Russia', has invested in Agilent equipment from the Life Sciences and Chemical Analysis (LSCA) group, including gc, gc-ms, hplc and icp-ms systems.

"Agilent has a lot to offer environmental customers globally," Stephens said. "We have an established success record as a value-added partner in water process management."

Did you know…
Agilent's Life Sciences and Chemical Analysis hosted its fifth Environmental Mass Spectrometry meeting for scientists in environmental and food analysis. The forum focused on meeting the measurement demands of new European Union directives. Other topics included the application of liquid chromatography/mass spectrometry (LC/MS) and monitoring herbicides and endocrine disruptors in groundwater.

Social performance highlights

Social achievements during 2003 include:

- Earned 33rd place in *Fortune* magazine's 2003 list of "100 Best Companies to Work For".
- Agilent Chairman, President and Chief Executive Officer Ned Barnholt was awarded the Excellence in Communication Leadership Award by International Association of Business Communicators (IABC).
- Provided cash and equipment grants totaling more than US$6 million to universities, science education programs, and health and human services organizations worldwide.
- Expanded our Agilent After School hands-on science program to reach approximately 24,000 junior-high-school-age students around the world.
- Increased participation in the United States and Canada in our Employee Giving Campaign by 17% compared to 2002 (from 30% to 35%), despite a considerable decline in the eligible donor base. Employees in the United States and Canada donated US$1.25 million, which is matched dollar for dollar by Agilent.
- Earned a 1st place ranking in Taiwan's "Best Employers in Asia" survey conducted by Hewitt Associates.
- Ranked 28th in *CAREERS & the disABLED* magazine's "Top 50 Companies for People with Disabilities".
- Received 15 awards for our community involvement activities.
- More than 5,000 Agilent employees volunteered to serve their communities through company-supported programs and activities.

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 in recent years, we have continued working toward making Agilent an employer of choice across the globe. The aim is to provide employees with a working environment they find challenging and enjoyable by hiring some of the best people and encouraging open communication and feedback with management. Our mix of experiences and cultures creates an effective organization that embraces the wider community in which we live and work.

The extended economic downturn during 2003 means we have had to continue to downsize some of our operations, resulting in the loss of additional employees. Such decisions are not taken lightly.

Work-life balance
Flexibility and work-life balance are 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.** Approximately 20% 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 for a variety of reasons, such as rest and recreation, vacation, personal business, 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.
- **Dependant care resources and referrals.** Employees who have dependant care responsibilities for children, elders, people with disabilities and others can turn to 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 ranging from medical care to length-of-service awards. Staff can participate in the Results Bonus Program, which rewards the achievement of performance goals. We have a strong belief in the virtues of employee ownership and have an employee stock purchase program where local legislation allows this.

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 the following factors; these factors may vary as required by business conditions:

- long-term strategic goals
- short-term business goals
- revenue and profit goals
- customer satisfaction
- new business creation
- total stockholder return
- the development of employees; and
- the fostering of teamwork and other Agilent values.

Good place to work

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:

- 33rd in the 2003 list of '100 Best Companies to Work For' and ranked for the third year in a row (*Fortune* magazine)
- 'Best Place to Work: Technology' (The *Wilmington News Journal,* Delaware)
- One of the Top 100 Companies for Working Families (The *Orlando Sentinel,* Florida)
- 28th in the Top 50 Companies for People with Disabilities (*CAREERS & the disABLED* magazine)
- 9th among 21 Best US Companies for Lesbian, Gay, Bisexual and Transgender Employees (*PlanetOut Partners/Corporate Pride Directory*)
- 22nd in the 'best place to work' survey (*Il Sole 24 Ore,* Italy's daily financial newspaper)
- Recognition award, 'Best Place to Work' survey (*L'Expansion,* France)
- 1st place in Taiwan's 'Best Employers in Asia' survey conducted by Hewitt Associates and 9th place in the China version of the survey.

Did you know...

In July, Agilent earned "Best in Class" honors from Storebrand Investments for both its social and environmental performance. Storebrand, based in Oslo, Norway, manages more than US$20 billion for approximately 100,000 clients. Agilent ranked in the top 30% of 56 companies in the communications and electronics equipment category, and our programs and policies on diversity, human and labor rights, health and safety, and community involvement boosted our social performance ranking.

Employees

	2001	**2002**	**2003**
Worldwide	41400	36000	29000
Asia Pacific	12200	11700	11300
Europe	7500	6600	5400
USA	21700	17700	12300

Employment creation

	2002	**2003**
Regular employment	1367	1538
Internal temporary workers	167	159
Total	1534	1697

Employment turnover

	2002	**2003**
Number of employees	6847	8738
Ratio of full-time employees	16.5%	24.3%

Total benefits and wages (US$)

Base compensation and benefits	2,464,024,600
Overtime	25,669,400
Commissions	46,230,000
Total compensation and benefits	2,535,924,000
Temporary labor	67,068,600
Total compensation and benefits and temporary labor	2,602,992,600

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

Asia Pacific – employment creation

	2002	2003
Regular employment	690	1124
Internal temporary workers	99	57
Total	789	1181

Asia Pacific – employment turnover

	2002	2003
Number of employees	1306	1794
Ratio to full-time employees	10.7%	15.3%

Europe – employment creation

	2002	2003
Regular employment	224	147
Internal temporary workers	62	98
Total	286	245

Europe – employment turnover

	2002	2003
Number of employees	1046	1397
Ratio to full-time employees	13.9%	21.2%

Americas – employment creation

	2002	2003
Regular employment	453	267
Internal temporary workers	6	4
Total	459	271

Americas – employment turnover

	2002	2003
Number of employees	4495	5547
Ratio to full-time employees	20.7%	31.3%

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

Case study | Employee survey

In 2003, Agilent redesigned its employee survey. The new 2004 survey will serve as the primary measure of progress toward the 2004 fiscal year goal to "Strengthen Our Leadership and the Importance of Agilent People". The survey results will be used to measure how well the leadership team is fulfilling its accountability to create an environment where employees stay and thrive, and managers will be held accountable for improved survey results year over year.

The new survey process is under way, with a baseline employee survey conducted in December 2003. 100% of Agilent's employees were invited to participate and share their opinions about Agilent, their business unit and work group, their manager and their job and career development. The results will be reported to executive-level managers in January 2004. The survey will continue annually as an ongoing continual improvement process.

Labor/management relations

"The severe downturn in the electronics industry has been very difficult for Agilent's people. We have worked hard to live by our values of trust and respect for individuals in restoring Agilent to profitability."
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. 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 continued economic downturn, Agilent reduced the number of employees by approximately 6,700 between August 2002 and the end of December 2003. We continue a workforce management program aimed at helping employees through this difficult period. The program offered those leaving the company a temporary income replacement scheme and assistance with external job searches.

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

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

Goals
The strategic goals of Human Resources (HR) remain unchanged:

- **Stronger, deeper leadership:** accelerating executive leadership development and clarifying and renewing Agilent's leadership expectations.
- **Agilent as a Great Place to Work:** 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:** 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
No Agilent employees are represented by independent trade unions in negotiations with Agilent.

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 and Security 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 2003 fiscal year, we achieved the following company-wide health and safety goals:

- Improved organizational awareness of ergonomic risks and precautions through employee training
- Reduced the ergonomic risk of workstations by conducting assessments and implementing risk reduction actions.

EHS facilitates much of the site Emergency Action Planning, including the Disaster Recovery plans. This year, as a result of the significant organization changes, a global objective and target was set mid-year for Emergency Preparedness and Response. Roles and responsibilities needed to be clearly defined and communicated to key players involved in the various plans. In addition, crisis management drills were scheduled at major sites. The first of these drills has taken place and the rest of the sites will hold their drills in the 2004 fiscal year.

Our health and safety goals for the 2004 fiscal year are to:

- Increase employee and management accountability for reducing workplace injury/illnesses
- Commit each site/business to an injury/illness reduction plan
- Implement Crisis Management drills at manufacturing sites.

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.

Fiscal year	2001	2002	2003
Total recordable cases	610	410	280
Global lost work-day case rate	0.27	0.20	0.16
Global injury/illness rate	1.3	1.0	0.9

Fiscal year	2001	2002	2003
Total recordable cases	610	410	280
Slips, trips, falls	10%	11%	9%
Ergonomic	69%	68%	68%
Contusions	11%	12%	14%
Chemical contact	4%	3%	2%
Abrasions	2%	1%	0%
Other	4%	6%	7%

Cause of lost workday	no. of cases 2002	% of total	no. of cases 2003	%of total
Ergonomic	36	46	24	46
Slip or fall	15	19	10	19
Struck by/against	14	18	9	17
Chemical contact	2	3	1	2
Abrasions	1	1	1	2
Motor vehicle accident	7	9	6	12
Accident not elsewhere classified	3	4	1	2
Total cases	79	100	52	100

Data is for Agilent worldwide.

The past year has seen our global recordable injury/illness rate decline by 10% from our 2002 fiscal year rate of 1.0 to a 2003 fiscal year rate of 0.9.

We also saw a decrease in the lost workday case rate. The lost workday case rate was 0.20 in our 2002 fiscal year and 0.16 in our 2003 fiscal year, a decline of 20%.

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 two injuries in a quarter and 50,000 hours worked, then the calculation would be:

2 x 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 one lost workday injury/illness case in a quarter and 50,000 hours worked, then the calculation would be:

1 x 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 | Enhanced productivity

Starting in May 2002, the San Jose, California, site has hosted employees and consultants working on Project Independence (PI), which offers the foundation for a leading technology solution for Agilent customer service and support organizations throughout the world.

Between 200 and 600 team members worked in cubicles and conference rooms, often late into the night, to meet project deadlines. Because of the long hours, Agilent prioritized the ergonomic wellbeing of these employees, advising on low-risk techniques and equipment set-up, and directing discomfort issues or questions to the Americas Ergonomics Office. Mice, keyboards, monitor risers and ergonomic chairs were provided and keyboard trays or portable mouse/keyboard stands were installed as appropriate.

In spite of the ergonomic challenges inherent in the extended use of laptops in temporary work areas, the injury rate among PI participants was negligible, and discomforts were minimized through education, continual monitoring, resource management and quick response to requests.

Case study | SARS heroes
The recent Severe Acute Respiratory Syndrome (SARS) crisis brought out the best in many people at Agilent, as they put a global plan in place that ensured employee health and safety and maintained customer service.

On March 16, 2003 in California, Roy West, Manager, Agilent Global EHS and Security, saw on the news that travel to Taiwan, Vietnam and China was being deterred. West contacted Agilent's global crisis communications team and within hours, they recommended that all Agilent employee travel to SARS-affected areas be postponed. As the situation escalated, the team coordinated the company-wide response to the crisis, monitoring the disease's spread and issuing travel and workplace advisories.

The team worked to ensure the safety of employees and customers and to educate employees about the spread of the virus and the cleaning measures needed at affected Agilent sites. Agilent businesses also found innovative ways to meet customer needs, such as using 'virtual' tools like web cameras.

Wayne Chan, Agilent Vice President and General Manager of Greater China, was one of many to praise such teamwork. "Our management councils made quick decisions to protect our employees, customers and the business with sound yet creative solutions. We worked as one to calm employees' fears and meet their needs. I really appreciate how everyone lived true to our Agilent values under duress."

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 on-the-job learning opportunities 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. This online capability enables globally distributed teams to learn together and allows employees to access training regardless of their location. We have implemented a variety of new development methodologies such as mentor networks, communities of practice, outside-in leadership assessment and feedback and action learning. These new methods are exciting ways to enable "learning while doing" as individuals and teams work on critical projects and assignments for Agilent.

In addition to our internal learning and development options, we support employees who want to pursue continuing education outside the company when it benefits their development and fits with our current or future business needs. Agilent has a tuition reimbursement policy and has agreements with major universities across the globe to conduct distance-learning programs that provide continuous technical education and development.

Case study | Leadership development
Agilent's China Leadership Development Strategy is beginning its second year. Because of the strategic importance and growth opportunity represented by China, Agilent identified a group of 20 high-potential next-generation leaders from across our businesses in China. Each leader completed a 360-degree internal assessment process and has been assigned an external coach to help generate a personalized development plan. In addition to the individual plans, there are ongoing development activities for the group as a whole.

Offering this sort of development is critical in China, given the extraordinary competition for talent, the fact that employees in the Chinese culture see long-term development as a key retention factor, and because, as we grow our business, Agilent wants the capability to promote from within wherever possible.

Case study | Sustainability awareness

Employees have been given opportunities to learn more about Agilent's environmental efforts via a one-hour training program conducted through teleconferencing and web-based learning. The start of this program, which is designed to be ongoing, was timed to coincide with Earth Day in April.

"beAgilent...beSustainable" is a voluntary course offered approximately monthly in 2003 to Agilent employees worldwide. During 2004, the course will be scheduled on a quarterly basis and will also be available online for self-paced training.

The presentation covers Agilent's EHSMS, opportunities for resource efficiency and implications for long-term business sustainability. Developed by a network of employees in Agilent's Sustainability Discussion Groups, the course introduces the concept of sustainability and explains how it relates to Agilent's core values. Employees can learn about the many activities that are under way at Agilent and explore how these practices can help in operational efficiency, product design, waste reduction and cost savings.

Case study | Leadership Action

2003 was the first year the Leadership Action Series was offered as a global development opportunity for managers at all levels. The courses were live e-learning events that varied in length depending on the speaker and topic. The series is intended to give managers the context, confidence and capability they need to be effective leaders in their local areas of responsibility.

Agilent offered a variety of topics aligned with three strategic themes: Agilent strategy, operational excellence and high performance culture. In total, 7,900 participants from across the world took part in the Leadership Action Series, which was sponsored by Adrian Dillon, Agilent Chief Financial Officer. Some of the monthly topics included "Effective Communication for Leaders," "Remote Management" and "Meeting Customer and Shareholder Commitments."

The Leadership Action Series continues with the same themes in 2004 fiscal year. The first session in December 2003 was titled "Agilent Strategy - Where We Are, Where We Are Going and How We Will Get There."

Diversity and opportunity

"Embracing diversity enhances the innovative atmosphere our businesses need in order to thrive. People excel in the workplace when they know that artificial barriers are not 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 unique perspectives and life experiences. We need and welcome a diverse range of skills and viewpoints and have implemented policies and programs to ensure that individuals are included and valued, and that cultural differences are leveraged for our competitive advantage.

Agilent actively recruits top talent from under-represented groups and tries to build an inclusive environment that develops and retains a diversity of leaders.

Diversity Made Real
This year, as part of our company-wide Diversity Made Real initiative, we focused on creating a closer alignment to our CEO's 2003 fiscal year priorities.

We have already integrated diversity and inclusion into our values, metrics, management practices, training, staffing, communications and outreach programs, while our current priorities focus on harnessing diversity and inclusion as a competitive advantage to help meet business challenges.

We conducted a worldwide needs assessment to assess diversity and inclusion priorities at a global level. Today, each of Agilent's businesses can access global diversity consulting from the Global Diversity and Inclusion Team. Additionally, Agilent counts on the Global Diversity and Inclusion support teams in all locations to bring a local perspective to culture-specific needs.

In the United States, our Supplier Diversity Program is responsible for creating a best-in-class program that promotes diversity in the marketplace by increasing procurement and business opportunities for minority businesses.

Business imperative

At Agilent, we recognize that:

- Our employees, customers, suppliers and strategic partners are increasingly global in nature and reflect a broad mix of cultures, across which we have to be able to relate effectively
- Diverse perspectives can help us achieve competitive advantage and become a leader in innovation, problem solving and creativity
- Attracting and retaining top talent is becoming increasingly difficult due to competitive pressures, so there should be no barriers to the hiring, retention or promotion of the best, diverse talent.

Demonstrating commitment

Agilent shows its commitment to diversity and inclusion in the community by awarding grants and establishing partnerships with a unique global perspective, championing math, science and educational opportunities.

In the United States, sponsorships, grants and scholarships have been awarded to these, and other, organizations:

- American Indian Science & Engineering Society (AISES)
- National Society of Black Engineers (NSBE)
- Society of Women Engineers (SWE)
- Society of Hispanic Professional Engineers (SHPE)
- National Action Council for Minorities in Engineering (NACME)
- San Francisco Summit for Women
- Digital Connections Initiative
- Biotech Academy
- Plugged In Science and Technology Center.

Our Americas Staffing organization identified top minority students from AISES, New Mexico State, Howard and North Carolina A&T, awarded them scholarships and paired them with Agilent mentors.

Commitments to grants for the coming year were made to Historically Black Colleges and Universities (Howard University and North Carolina A&T) and to the Society of Women Engineers, New Mexico State, and INROADS.

Outside the United States the following grants and partnerships are examples of those that have been established:

- Taiwan – National Union of Taiwan Women Association – 'Next Ms. Curie' program that introduces girls to engineering
- China – Degree Tuition Program – partnership with Tsinghua and Fudan Universities to enhance a diverse talent pool

- Malaysia – e-Gap Recruitment Program – partnership with top universities to increase a diverse talent pool, specifically targeting Bumiputra students (an under-represented group in Malaysia)
- Singapore – Specialist Manpower Program – partnership with a top university to attract a diverse talent pool
- India – Jacobpura Government Girls Higher Secondary School, Gurgaon – employees provide coaching on language and communication skills to increase the employability of students.

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:

- Agilent Technologies ranks No.9 on *PlanetOut Partners/Corporate Pride Directory's* list of the 21 best companies in the United States for Gay, Lesbian, Bisexual and Transgender employees.
- Agilent ranks No.28 on *CAREERS & the disABLED* magazine's list of Top 50 US employers for people with disabilities.
- Agilent Brazil is one of the 'Best 100 Companies to Work for', ranking among the first 20. Areas considered for the evaluation are opportunities for women, people with disabilities and community work.
- Agilent was listed as a Top Diversity Employer by *Black Collegian* magazine.
- The Minority Supplier Development Council of Pennsylvania, Delaware and New Jersey in the United States, honored Agilent with its Bronze Eagle Award for outstanding achievement in supply chain diversity efforts and customer satisfaction.

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's Bay Area Women's Network provided many Agilent women with development opportunities and a sense of belonging during the downturn.
- Agilent Corporate, Palo Alto, California, provides office space and volunteers for Girls For A Change, a community organization that is catalyzing women to promote girls' innovative spirit and entrepreneurial skills.
- For over a decade, women throughout Agilent have shared their enthusiasm for science with 'Expanding Your Horizons' (EYH™), considered the premier volunteer-based math and science program in the United States, which is designed to nurture girls' interest in science and math and encourage them to consider related career options.

- Agilent United States and Germany took an active role in 'Take your Daughters to Work Day,' the Society of Women Engineers' Explore Engineering event and 'Girls Day', both campaigns to encourage women into technical and scientific jobs.
- In China, the Spring Bud Program is helping girls from poor areas return to school. Agilent's efforts will help 100 girls from the remote mountain area of Sichuan to return to their primary/secondary school for a three-year period.

Did you know...

Agilent employees have access to "Globesmart," an online tool with information on how to do business in countries around the world. It enables them to expand their understanding of cross-cultural business practices, cultural protocol and even listen to proper name pronunciation.

Gender

Worldwide	2002 male / female	2003 male / female
All employees	60.6% / 39.4%	59.6% / 40.4%
Executives and senior management	78.6% / 21.4%	77.7% / 22.3%

Ethnicity

USA only	2002	2003
Caucasian	89.3%	84.5%
Asian/Pacific Islander	6.3%	9.5%
Hispanic/Latin	2.3%	3.7%
African-American	1.7%	2.1%
Native American/Alaskan	0.4%	0.3%

Data is for fiscal year.

Case study | Three wins for women

The YWCA of Santa Clara Valley, California, honored two Agilent executives with prestigious 2003 Tribute to Women and Industry awards, which honor women who exemplify excellence in executive positions, and also recognize the companies that support them.

Jean Halloran, Senior Vice President of Human Resources (HR), the first woman to serve on Agilent's executive leadership team, was honored for driving Agilent's "Best in Class" HR services, while Anita Manwani, Vice President and General

Manager of Global Sourcing, was recognized for leading progress in Agilent's operational excellence.

Also in California, the Sonoma County Commission on the Status of Women and the YWCA of Sonoma County presented Barb Martinez, Human Resources Manager for the Electronic Products and Solutions Group's Wireless Business Unit and the Sonoma County site, with a Women and Industry award. The award recognizes Barb's achievements in organizational innovation, growth and motivation, demonstrated leadership and community involvement.

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 Operations

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 harassment, and to insist that employees be treated with dignity, respect and courtesy.

Agilent's Standards of Business Conduct provides 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.

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) requires 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, more than 5,000 of our employees contributed approximately 20,000 hours 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 or supported a wide range of programs towards these aims. They include the following:

- Agilent After School, a global hands-on science program through which we reached approximately 24,000 elementary and junior high-school students with the help of more than 800 Agilent volunteers.
- Sponsorship of the International Science and Engineering Fair (ISEF) for high-school students in Cleveland, Ohio, in May. Agilent hired four ISEF participants as summer interns in the United States, Japan and India.
- National Engineers Week, through which we engaged with approximately 3,000, mostly female, students in the United States, Germany, Canada and India.
- Earth Day volunteer environmental projects or activities supported by 3,000 employees.

Did you know...
In June, contributions from employees resulted in 59 scholarships being awarded to children of Agilent employees in the United States. Each recipient will attend college this year with US$2,000 to help toward their expenses. The Scholarship Program is funded through financial donations from Agilent employees and the scholarships are awarded on a regional basis.

Case study | SARS – Agilent in the community
At the height of the SARS crisis in Toronto, Canada, Bill Rice, Remote Engineer, Life Sciences and Chemical Analysis (LSCA), and the volunteer Vice Chairperson of Disaster Services with the Toronto Red Cross, took two weeks off work to direct the delivery of meals, masks, gloves and digital thermometers to many of the 12,000 people quarantined across the city. Working 15-hour days for nine days in a row, Bill had to call on all his administrative and negotiating skills to get the job done. "Logistics were the real challenge, not the long hours," says Bill. "But I was very proud to be able to make a contribution."

Across the globe, Agilent China made a donation of US$12,000 to purchase medicine and equipment for overloaded medical facilities in mainland China, while an additional US$8,500 came from employees.

In Hong Kong, Agilent contributed US$1,000 to Project Shield, a campaign launched by the *South China Morning Post* newspaper to provide hospital medical workers with protective suits. Employees donated a further US$2,500 and wrote messages of thanks and encouragement.

Case study | Agilent After School

Agilent After School volunteers have been busy across the globe:

Volunteers in Spokane, Washington, used Agilent After School (AAS) science kits at the Expanding Your Horizons in Math and Science career conference for girls in May.

In September, Santa Rosa, California, Mayor Sharon Wright honored Agilent with a community service award for improving the quality of life in the city. Approximately 50 volunteers have brought AAS programs to more than 200 young people in recent years.

Seventy teachers from rural schools in Penang, Malaysia, shared ideas about fun science classes at the first AAS for Teachers workshop in May. Agilent volunteers worked with the teachers to devise creative ideas for simple experiments.

In June, the Beijing Association of Science & Technology and Youth League Committee honored Agilent China with its "Outstanding Voluntary Service on Science Popularization" award for promoting science knowledge for children through AAS.

Some 2,500 students participated in volunteer-run AAS experiments at the Beijing Science Week in September, attended by more than 80,000 students, teachers and parents.

In October, 15 AAS program volunteers led science experiments with 92 primary school students in Melbourne, Australia.

Agilent was a leading sponsor of Germany's "Science Days" in October. The event targeted students from 9 to 14 years of age and attracted more than 19,000 visitors.

Case study | Support through technology and creativity

As part of the prestigious Chinese National Undergraduate Electronic Design Contest 2003 in Shanghai, China, Agilent sponsored the Agilent Cup award and honored three students with the best overall communications.

The government-backed competition motivates university students to address real problems through technology and creativity, and approximately 500 students from Shanghai's top universities participated. Working in teams, they had four days to solve one of six complex problems before presenting their results to the judges.

The Agilent Cup award was presented by Cynthia Johnson, Agilent's Vice President of External Affairs, to a team from Shanghai Jiaotong University, whose broadband amplifier project was cited for "going beyond technical innovation" and "exemplary teamwork". The recipients also received certificates and internships funded by the company.

"These are some of the brightest technology students in China," said Johnson. "We are committed to supporting such skills development and are proud to align our company with this highly respected event."

Case study | Volunteers bring smiles
The large supply of food items stored at the cafeteria in Agilent Singapore were not for sale, but employee contributions for an "Agilent for the Community" food drive. The US$15,000 (approximately US$8,500) worth of food items and cash collected went to 300 needy recipients in the local area.

On distribution day in November, 70 volunteers helped out, including Country General Manager Tan Bian Ee and Professor Ho Peng Kee, Singapore's Senior Minister of State for Law & Home Affairs. For many volunteers, the program was a reminder of things they may take for granted.

"I am extremely encouraged by the teamwork and commitment of all the volunteers," commended Bian Ee after the four hours of distribution. "Each one of you is a great inspiration and you have touched the lives of the many recipients by your wonderful gesture."

Product safety

"Customers are our most valuable asset and that means that their safety is paramount. Our products are rigorously tested and evaluated 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 reporting and management system to collect information concerning Agilent product safety-related events so we can perform analysis and take 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 2003 fiscal year, Agilent was not the subject of allegations of regulatory violations associated with our products.

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 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, we were awarded Supplier of the Year by Celestica and Product of the Year by Internet Telephony for the Voice Quality Tester Responder.

Case study | Early detection of diseases

With cancer and many other life-threatening diseases, deciphering the connection between a specific marker protein (metabolite) and the disease starts with gene expression research. When scientists try to isolate these markers or map disease pathways from infection to symptom outbreak, four methods are often used: ribonucleic acid (RNA) isolation, gene expression analysis, protein expression and protein purification.

To identify genes of interest for disease research, a large number of genes are screened using tools such as microarrays to isolate RNA. The Agilent 2100 bioanalyzer with the RNA 6000 Nano LabChip® kit is the industry standard for quality controlling such samples. In November 2002, Agilent and Caliper Technologies launched the RNA 6000 Pico LabChip® kit, which offers an approximate 25-fold increase in sensitivity.

Case study | Evaluating herbal remedies

Long popular in Asia, and now in the United States, herbal remedies (which are not regulated by the US Food and Drug Administration) have generated a great deal of public concern as a result of inconsistencies in their composition. Many of them are made with varying levels of active ingredients, and it is this irregularity that can create a risk for people taking them.

Goldenseal plants, grown for use as herbal supplements, are used to treat nasal congestion, colds, flu and a variety of intestinal disorders, but the quantities of what are believed to be their active components (berberine and hydrastine) have been inconsistent in commercial products. A simple process for extracting and analyzing these components would help evaluate product quality. In response to this need, Agilent recently published a simple, reliable and fast procedure for analyzing active components – known as alkaloids – in goldenseal.

Did you know...

Organ transplants save the lives of nearly 20,000 people annually in the United States alone, although the body's natural reaction to attack and reject a transplanted organ means success is never guaranteed. Sensitive monitoring methods – such as liquid chromatography and mass spectrometry (LC/MS) solutions from Agilent's Life Sciences and Chemical Analysis group – can help enhance the quality of life for transplant patients taking immunosuppressant drugs.

Respect for privacy

"Building long-term business relationships with customers, partners and employees 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 privacy is to treat 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.

Our policies are based on six privacy principles:

- **Notice:** giving individuals notice of what data we are collecting and what it will be used for
- **Choice:** offering individuals 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:** providing individuals access to their data to ensure accuracy
- **Security:** keeping personal data secure
- **Oversight and enforcement:** Agilent participates in the Better Business Bureau OnLine Seal program and certifies annually under the US Safe Harbor program to ensure we meet the highest privacy standards.

This past year, we performed a company-wide assessment of our privacy program to identify opportunities for improvement. Assessment recommendations are being leveraged into program enhancements. Agilent continues to protect the privacy of our employees, customers and partners in an ever-changing regulatory and technology-driven privacy landscape.

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

Did you know...
Unwanted e-mails are not only an invasion of privacy but also a significant expense. In 2003 alone, SPAM cost the global economy US$15billion in time and other wasted resources. In response, many countries have put, or are in the process of putting, anti-SPAM laws in place.

Agilent is sensitive to our customers' desire not to receive unwanted e-mail. Customers can select which information they wish to receive from us and we require them to give us explicit permission (opt-in) before we send any unsolicited e-mails.

Case study | E-mail security
Agilent IT has updated the company-wide Electronic Mail Security Standard to strengthen existing regulations regarding the use of electronic messaging within the company. As electronic messages are one of the organization's main communication tools, Agilent personal computer users have been asked to read and understand the new standard to ensure they use electronic messaging appropriately. These measures will further ensure the protection and privacy of Agilent employee and customer information.

Key requirements of the standard include:

- Naming and authentication – ensures messages sent from company mailboxes have the name of the originating mailboxes
- Electronic mail usage – describes users' responsibilities when using company-provided electronic mail to send messages
- Message forwarding – ensures appropriate handling of message forwarding
- Encryption based on information sensitivity.

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 aspect that has or can have a significant environmental impact.

ATG
Automated Test Group, an Agilent business.

CA
California.

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

CO_2
Carbon dioxide: a gaseous by-product of energy generation and energy use that is known to contribute to global warming.

CSG
Communications Solutions Group, an Agilent business.

CY
Calendar year.

DE
Delaware.

EHS
Environment, Health and Safety.

EHSMS
Environmental, Health and Safety Management System.

EPA
Environmental Protection Agency, a US government agency.

EPSG
Electronic Products and Solutions Group, an Agilent business.

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 (CO_2), methane (CH_4) 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)
A 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 two injuries in a quarter and 50,000 hours worked, then the calculation would be:

2 x 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 x 10^6 joules.
1 kilowatt-hour = 3.6 x 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 one lost workday injury/illness case in a quarter and 50,000 hours worked, then the calculation would be:

1 x 200,000/50,000 = 4.0 lost workday case rate.

LSCA
Life Sciences and Chemical Analysis Group, an Agilent business.

MWDVBE
Minority, Women, Disabled Veteran-owned Business Enterprises.

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, an Agilent business.

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

UK
United Kingdom.

US
United States of America.

US$
US dollars: the currency of the United States.

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. Those comments can be viewed using the stakeholder feedback links below.

We encourage you to complete our feedback form and give us your thoughts. We plan to augment this page with additional links to relevant feedback throughout 2004. We will consider this feedback as we begin production of Agilent's next Environment and Social Responsibility Report.

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

Stakeholder feedback

Business for Social Responsibility Comments (Public) on Agilent 2003 Environment and Social Responsibility Report:

This is now the third year in which BSR has provided pre-publication feedback and public commentary on the accessibility, quality, and tone of Agilent's Environment and Social Responsibility reports. 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 2003 Environment and Social Responsibility report predominantly follows the same format as in 2002. As such, many of BSR's general comments remain similar to those of last year. BSR continues to consider Agilent among the reporting leaders in the high technology sector, especially in the United States. BSR commends Agilent for continuing its commitment to social and environmental reporting despite the company's economic challenges over the past year. Agilent also made the important step in 2003 of beginning to include some information on environmental and social performance in its corporate report. BSR encourages Agilent to continue this trend in future years, not only providing highlights of positive performance as was done this year, but also including data that shows areas in which the company may have fallen short of targets.

This year's report includes several important achievements on the environmental front, including greater attention to supplier's environmental performance, increasingly accurate reporting on emissions, and greater-than-expected diversion of chemical waste to landfills. Agilent also won numerous awards for its employment practices and continued to be active in the communities in which it operates. In addition, Agilent added new categories of data in the community section, notably the total number of employee volunteers and hours donated.

Given that the format of the report has remained the same as in 2002, BSR continues to recommend many of the same improvements suggested last year. These include:

- Targets: More and easier to locate targets for future performance in all sections would significantly strengthen the report. While the company has a range of process and target-driven strategies, many are more descriptive or aspirational than they are measurable or comparable.

- Human Rights: As a global leadership company with international manufacturing and sourcing, Agilent should strongly consider adopting a more explicit human rights policy that addresses issues such as working conditions, child and forced labor, and health and safety in the workplace. BSR also encourages Agilent to expand its expectations of suppliers to include adherence to internationally accepted human rights standards.
- Stakeholder Engagement: Agilent's stakeholder engagement remains limited. BSR strongly recommends the company prioritize stakeholder engagement in 2004 beyond the proposed external stakeholder survey. This engagement would highlight for Agilent the areas of greatest concern to those who are affected by the company's business and could help inform priorities moving forward.
- Community: Community reporting continues to focus primarily on philanthropic activity, with little reporting of economic performance data. Expanding economic reporting would entail Agilent moving beyond replicating presentation of traditional financial data to better understand and explain how Agilent's activity affects the economic status of its stakeholders. Such data would show a more accurate picture of Agilent's true impact on affected communities.
- Governance: Agilent should align itself more closely with the GRI by including more governance information such as the qualifications, roles, and responsibilities of senior management and the board.
- GRI Index: Agilent continues to make progress in improving the usability of its GRI index. The report would be further strengthened by providing explanations of why Agilent has not included performance information on some of the indicators.
- Verification: Agilent's 2003 report does not discuss Agilent's position or plans regarding external verification or assurance. BSR continues to recommend that Agilent present its position or 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.

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