

Social performance

Social achievements during 2004 include:

- Provided support in the form of cash and equipment totaling US\$5.2 million to universities, pre-university science and math education programs, environmental programs, and health and human services organizations worldwide
- Achieved number 9 ranking in *Business Ethics* magazine's "100 Best Corporate Citizens"
- Expanded our Agilent AfterSchool hands-on science program to reach approximately 24,000 students ages 9–13 around the world. In addition, other pre-university education programs supported by Agilent impacted approximately 14,000 teachers and 248,000 students
- More than 20% of Agilent employees worldwide donated 50,000 hours of volunteer community service
- Completed our employee survey with a 74% response rate. The overall favorable responses increased seven points over 2003. 62% of employees responded positively to the "I would recommend Agilent as a good place to work" item
- Introduced a product sign-off procedure to ensure the quality standards of Agilent products entering the market
- Implemented a Supplier Environmental and Social Responsibility Risk Evaluation program and Code of Conduct
- Received a perfect score from the Human Rights Campaign Foundation's Corporate Equality Index of best employers for lesbian, gay, bisexual and transgender employees
- Achieved 17.7%, or more than US\$300,000, in environmental grants out of Agilent's worldwide contributions program budget. This exceeded the goal of 15%. The goal for 2005 is 20%
- Improved travel safety and security by implementing a global system that tracks Agilent employees on business trips allowing us to locate them in cases of emergency or risk
- Reduced lost workday occupational health injury and illness case rate by 25%.

Did you know...

Joined by their country general managers, Agilent employees across Asia turned out for Earth Day to plant trees, clean up trash, and teach youngsters scientific facts about the water and air.

Agilent's Life Sciences and Chemical Analysis business in the United States invited students from a San Jose, California high school to tour the nearby United States Geological Survey (USGS) office, where they learned about earthquakes and saw how the USGS uses Agilent's gas chromatograph equipment to prepare water and soil samples for analysis.

Community investment

Agilent's Citizenship Objective is to be an economic, intellectual and social asset to each nation and community where we do business.

Agilent has been consciously and strongly committed to community involvement since becoming an independent company. This commitment has taken several forms:

Agilent Giving

During 2004, Agilent invested US\$5.2 million in cash and equipment to education, health and human services, and environmental organizations and programs worldwide.

Agilent Action

Our community involvement programs, collectively known as Agilent Action, are focused on "inspiring minds and 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 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.

Our employees are actively encouraged to take part in these Agilent Action programs. With their manager's approval, employees can use one hour per week, or up to four hours per month, of paid time to volunteer for Agilent-sponsored or supported activities. This year, there were more than 8,000 volunteer experiences contributing approximately 50,000 hours to benefit the community.

Interaction with our communities

In 2004 we conducted external surveys in two Agilent United States communities – Loveland/Fort Collins, Colorado, and Wilmington, Delaware – and in China, Singapore and Korea. The surveys indicated that Agilent could do more in the way of corporate citizenship, particularly in supporting diversity, education and economic development initiatives. These are now included as priorities in our 2005 community involvement plans.

Read more about [Agilent Action and giving](#).

Did you know...

Agilent rocketed into the number 9 spot on *Business Ethics* magazine's 100 Best Corporate Citizens list for 2004. Agilent was acclaimed for its superior treatment of the community and diversity practices.

"Agilent's commitment to be a leading corporate citizen is unwavering and we're very pleased that our way of doing business and related results have been recognized in this way."

Gene Endicott

Director of Public Affairs

[See our performance data.](#)

Related content:

In this report

[Agilent Action and giving – taking action in the global community](#)

Agilent.com

[Agilent in the Community](#)

[Environment and Sustainability Policy](#) (PDF, 26Kb)

Diversity and opportunities

Global 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 want and welcome a diverse range of skills and viewpoints and have implemented policies and strategies to ensure that our rich cultural diversity is leveraged for our competitive advantage.

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

In the United States, our Supplier Diversity Program is best-in-class and promotes diversity in the marketplace by increasing procurement and business opportunities for diverse businesses.

Agilent shows its commitment to diversity and inclusion in the community by awarding grants and establishing partnerships that champion science, math, educational and leadership opportunities around the world.

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 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 increasingly difficult, so there should be no barriers to the hiring, retention and promotion of the best, diverse talent.

Company-wide activities

2004 has seen Agilent and its employees participate in a number of activities, listings and award programs. These included:

- Achieving 9th place in *Business Ethics* magazine's "100 Best Corporate Citizens", a list which measures corporate service to seven stakeholder groups including women and minorities
- 14 Agilent facilities marking the third annual Abilities Day by inviting high-school students with disabilities to visit and learn about the company, careers and Agilent's environment. Abilities Day is part of Agilent's Accessibility and Accommodation Program, which is one of the ways the company demonstrates its commitment to an inclusive environment for all employees
- Receiving a perfect score from the Human Rights Campaign Foundation's Corporate Equality Index of best employers for lesbian, gay, bisexual and transgender employees.

"We know that valuing our diversity is essential to attracting and retaining the best employees and differentiating Agilent in our industry. It also shows our genuine support of all members of our global community."

Ned Barnholt

Chairman, President and Chief Executive Officer

Did you know...

Agilent Singapore was recently awarded the 2004 Singapore Family Friendly Employer Award, giving them national recognition as a family-friendly employer. The award is presented by the Singapore Ministry of Community Development and Sports, the Ministry of Manpower, the National Trades Union Congress and the Singapore National Employers Federation.

[See our performance data.](#)

Employment

2004 saw an economic upturn for Agilent. This rejuvenated our ongoing commitment to make Agilent an employer of choice across the globe.

We aim to:

- Provide employees with a working environment they find challenging and enjoyable
- Ensure outstanding leaders at every level
- Encourage open communication and feedback with management
- Invest in employee development.

Employee survey

More than 21,000 employees gave opinions on their experience at Agilent in the 2004 survey. The results showed that overall, employee satisfaction has improved on 2003 but there is still work to do to accomplish the “high” seen in 2002. The results have been distributed to executive and country managers, who are developing action plans on issues of concern, such as leadership and employee development, in their regions and functions. The survey is part of Agilent’s program of continuous improvement in employee satisfaction.

Work–life balance

Flexibility and work–life balance are actively promoted within the company. Initiatives include:

- Flexible work arrangements. Part-time work, 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, vacation, personal business or illness
- 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 can turn to a variety of services
- Working parent networks. Agilent supports a variety of working parent networks that 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. We also offer a performance-based Results Bonus Program and an employee stock purchase program (where local legislation allows).

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

Individual performance of executives is measured against the following factors, which 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
- Development of employees
- Fostering of teamwork and other Agilent values.

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

Training and education

Training and development opportunities are offered to employees throughout the company. We have a range of programs, workshops and on-the-job learning to help our employees develop their technical and professional capabilities and encourage them toward even greater achievements in the future. The top three topics for training in 2004 were manufacturing processes, products and technology and leadership and management development.

The 2004 employee survey

"We're encouraged by the improvement in our 2004 employee survey, and we're increasing our focus on leadership development and management by objectives - the core influences on employee morale and business success"

Jean Halloran

Senior Vice President, Human Resources

[See our performance data.](#)

Related content:

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[Proxy Statement](#)

[Jobs](#)

Health and safety

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 these practices.

Health and safety goals

During the fiscal year 2004, we achieved the following company-wide goals:

- Reduced lost workday occupational health injury and illness case rate by 25%
- Increased management accountability for injury/illness performance through improved reporting
- Conducted drills at all manufacturing facilities to improve crisis management readiness
- Improved travel safety and security by implementing a global system that tracks Agilent employees on business trips allowing us to locate them in cases of emergency or risk.

Our health and safety goals for the fiscal year 2005 are to:

- Deploy a global online injury/illness reporting and corrective action tracking system
- Conduct crisis management training in country organizations
- Improve our ability to track and report employee EHS training.

Aside from company-wide initiatives, Agilent manufacturing sites have local safety committees, with membership drawn from the employee 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.

We also have an EHS training program that enables our employees to stay informed regarding current issues for maintaining a safe work environment.

HIV and AIDS-related non-discrimination policies

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

Did you know...

Agilent is collaborating on a breakthrough application of microarray technology that could greatly enhance our ability to identify and locate genetic alterations that contribute to cancer. In addition to shedding light on how tumors arise, this could help identify the most promising targets for drug development.

Agilent's Global EHS and Travel teams continually monitor safety and security conditions that could expose employees to higher than normal risks. If it is felt that a risk exists in a particular country a travel advisory or restriction may be imposed. In addition, health-related information for SARS and Avian Flu type diseases is available as guidance to managers and employees.

[See our performance data.](#)

Human rights

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 and respect.

Agilent's [Standards of Business Conduct](#) provides requirements 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.

In 2004 we introduced the Agilent Supplier Environmental and Social Responsibility Code of Conduct, which incorporates eight International Labour Organization (ILO) Conventions that have been identified as fundamental to the rights of human beings at work. These include not using child, forced or compulsory labor; freedom of association; and non-discrimination. It also asks Agilent's suppliers to encourage adherence to similar principles from their own suppliers.

Related content:

In this report

[Supplier ESR Code of Conduct](#)

Labor practices

Agilent's goal is to maintain a good-quality relationship between employees and management.

Workforce management program

By the end of 2004, Agilent's business performance was much improved on previous years but, as part of our economic recovery, tough decisions still needed to be taken. Agilent reduced the number of employees by approximately 1,700 during 2004.

We have tried to minimize disruption to jobs created by workforce management and institute practices that treat our employees – those leaving the company as well as those remaining – with respect and dignity.

Employees represented by independent trade unions

No Agilent employees are represented by independent trade unions in negotiations with Agilent.

Related content:

In this report

[Employment](#)

[Human rights](#)

Agilent.com

[Jobs](#)

[Standards of Business Conduct](#) (PDF, 207 Kb)

Product responsibility

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 communicated to relevant employees and is available to customers and other stakeholders.

In 2004, we improved our reporting and management system for resolving Agilent product safety-related events. We have also enhanced our information collection and analysis to reduce such occurrences.

Product quality

During the past year we also introduced a new company-wide product quality sign-off procedure. Sign-off must be achieved before a product is put on the market. Individuals in the product development team are identified as responsible for confirming the product's conformance to legal and Agilent-specific standards and for ensuring that environmental goals have been met. Agilent has begun providing training classes for employees responsible for the environment-related portions of the sign-off.

Regulatory compliance

During the fiscal year 2004, Agilent was not the subject of confirmed 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 or need 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 via our [webform](#).

Did you know...

Agilent has supplied equipment for the Olympic Games since testing was introduced in 1972. The equipment has included gas and liquid chromatographs to detect hundreds of banned substances including diuretics, stimulants, steroids and biological drugs such as human growth hormones.

Related content:

In this report:

[Hazardous materials – reducing and eliminating hazardous substances](#)

[Materials](#)

[Products and services](#)

[Compliance](#)

[Policies and position statements](#)

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[PSR policy](#) (PDF, 60Kb)

Suppliers

Agilent's relationships with suppliers are of strategic importance. We inform our suppliers, partners and contractors of our expectations, encouraging them to follow responsible management practices.

Our Standards of Business Conduct clarifies the extension of our values to our suppliers. It states that we will not establish or maintain a business relationship with a supplier if we believe that its practices violate local laws or basic international principles relating to labor standards or environmental protection.

Supplier Code of Conduct

In 2004 Agilent issued our first-ever Supplier Code of Conduct. This document informs suppliers of Agilent's environmental and social responsibility expectations, and requires them to adopt sound EHS management practices. The code incorporates eight International Labour Organization (ILO) Conventions that have been identified as being fundamental to the rights of human beings at work. In 2005 we will ask our company-wide strategic contract manufacturers to endorse this code of conduct.

Supplier risk evaluation

Over the last 18 months, we implemented a supplier environmental and social responsibility risk evaluation program. This program involves supplier screening, in-depth evaluation, site surveys and corrective action, and will continue in 2005.

Supplier Diversity Program

Supplier diversity is a fundamental business strategy. Through Supplier Diversity Business Development, Agilent enlarges its pool of good ideas and high-quality goods and services.

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 diverse companies is a corporate objective. During 2004, Agilent's Supplier Diversity Program maintained supplier outreach strategies and supplier development objectives.

Read more about our [supplier management](#).

Related content:

In this report

[Supplier management – environmental and social responsibility](#)

Agilent.com

[Standards of Business Conduct](#) (PDF, 207 Kb)

[Agilent Supplier ESR Code of Conduct](#) (PDF, 77Kb)

External websites

[International Labour Organization](#)

Social performance

Community investment

Community investment (million US\$)

Fiscal year	2004
Education	3.2
Environment	0.3
Health and Human Services	1.6
Other	0.1
Total	5.2

Diversity and opportunities

Gender (% male/female)

Worldwide	2002	2003	2004
All employees	60.6 / 39.4	59.6 / 40.4	59.7 / 40.3
Executives and senior management	78.6 / 21.4	77.7 / 22.3	78.8 / 21.2

Ethnicity of executives and senior management (USA only) (%)

Fiscal year	2002	2003	2004
Caucasian	89.3	84.5	86.9
Asian/Pacific Islander	6.3	9.5	8.8
Hispanic/Latin	2.3	3.7	2.8
African-American	1.7	2.1	1.2
Native American/Alaskan	0.4	0.3	0.3

Data is as of end of each fiscal year (end of October)

Employment

Worldwide

Employees (people)

Fiscal year	2002	2003	2004
Asia Pacific	11700	11300	11800
Europe	6600	5400	4800
USA	17700	12300	11500
TOTAL	36000	29000	28200

Employment creation (people)

Fiscal year	2002	2003	2004
Regular employment	1367	1538	2503
Internal temporary workers	167	159	206
Total employment creation	1534	1697	2709

Employment turnover

Fiscal year	2002	2003	2004
Number of employees	6847	8738	2838
Ratio of full-time employees	16.5%	24.3%	9.7%

Total benefits and wages (US\$)

Fiscal year	2003	2004
Base compensation and benefits	2,464,024,600	2,243,276,600
Overtime	25,669,400	24,926,900
Commissions	46,230,000	58,429,600
Total compensation and benefits	2,535,924,000	2,326,633,100
Temporary labor	67,068,600	66,589,100
Total compensation and benefits and temporary labor	2,602,992,600	2,393,222,200

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

Asia Pacific

Asia Pacific - employment creation (people)

Fiscal year	2002	2003	2004
Regular employment	690	1124	1708
Internal temporary workers	99	57	134
Total employment creation	789	1181	1842

Asia Pacific – employment turnover

Fiscal year	2002	2003	2004
Number of employees	1306	1794	1087
Ratio of full-time employees	10.7%	15.3%	9.6%

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

Europe

Europe – employment creation (people)

Fiscal year	2002	2003	2004
Regular employment	224	147	238
Internal temporary workers	62	98	63
Total employment creation	286	245	301

Europe – employment turnover

Fiscal year	2002	2003	2004
Number of employees	1046	1397	522
Ratio of full-time employees	13.9%	21.2%	9.8%

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

USA

USA – employment creation (people)

Fiscal year	2002	2003	2004
Regular employment	453	267	557
Internal temporary workers	6	4	9
Total employment creation	459	271	566

USA – employment turnover

Fiscal year	2002	2003	2004
Number of employees	4495	5547	1229
Ratio of full-time employees	20.7%	31.3%	10.0%

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

Health and safety

Fiscal year	2002	2003	2004
Total recordable cases	410	280	175
Global lost work-day case rate	0.20	0.16	0.12
Global injury/illness rate	1.0	0.9	0.6

Recordable cases

Fiscal year	2002	2003	2004
Ergonomic	68%	68%	57%
Contusions	12%	14%	17%
Slips, trips, falls	11%	9%	11%
Other	6%	7%	10%
Chemical contact	3%	2%	5%
Abrasions	1%	0%	1%
Total recordable cases	410	280	175

Cause of lost workday

Fiscal year	no. of cases 2002	% of total	no. of cases 2003	% of total	no. of cases 2004	% of total
Ergonomic	36	46%	24	46%	11	31%
Slip or fall	15	19%	10	19%	8	22%
Struck by/against	14	18%	9	17%	8	22%
Chemical contact	2	3%	1	2%	2	6%
Abrasions	1	1%	1	2%	0	0%
Motor vehicle accident	7	9%	6	12%	2	6%
Accident not elsewhere classified	3	4%	1	2%	5	14%
Totals	78		52		36	

Data is for Agilent worldwide.

The past year has seen our global recordable injury/illness rate decline by 33% from our fiscal year 2003 rate of 0.9 to a fiscal year 2004 rate of 0.6.

We also saw a decrease in the lost workday case rate. The lost workday case rate was 0.16 in fiscal year 2003 and 0.12 in fiscal year 2004, a decline of 25%.

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:

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

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:

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

Lost workday case

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