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SUPERIOR COURT OF THE STATE OF CALIFORNIA

COUNTY OF SANTA CLARA

R. ROSS and C. ROGUS, individually and on behalf of all others similarly situated,

Plaintiffs,

v.

HEWLETT PACKARD ENTERPRISE COMPANY, a Delaware corporation, (formerly HEWLETT-PACKARD COMPANY)

Defendant.

CASE NO.: ___________________________

HONORABLE ________________________

DEPARTMENT: ______________________

COMPLAINT
(REPRESENTATIVE / CLASS ACTION)

1. Violation of California Equal Pay Act (Labor Code §§ 1197.5, 1194.5)
2. Failure to Pay All Wages Due to Discharged and Quitting Employees (Labor Code §§ 201-203, 1194.5)
3. Violation of California's Unfair Competition Law
4. Declaratory Relief

JURY TRIAL DEMANDED

Plaintiff R. Ross ("Plaintiff Ross") and Plaintiff C. Rogus ("Plaintiff Rogus") and (collectively, "Plaintiffs") bring this Complaint, as individuals and on behalf of all others similarly situated, against Defendant Hewlett Packard Enterprise Company (formerly, Hewlett-Packard Company ("H-P")) ("Defendant" or "HPE"), and allege, upon personal knowledge as to their own actions and their counsel's investigations, and on information and belief as to all other matters, as follows:

INTRODUCTION

1. HPE is one of the largest information technology (IT) companies in the world, selling, on an enterprise level, products and services, including servers and data storage products, and IT operations management programs. A multinational company, HPE is headquartered in Palo Alto, Santa Clara County, California.

2. In Palo Alto and throughout all California HPE office locations, there is an indefensible and unlawful wage gap between females and their male counterparts. Men are not earning more because they do more of the jobs that pay better. Instead, men are earning more in the same jobs or jobs of equal value. This is pay discrimination and is illegal under California law.[1]

3. Companywide, women are not proportionally represented at HPE. According to an analysis of HPE's publicly filed 2016 Equal Employment Opportunity Employer Information Report ("EEO Report"), women make up approximately one third of HPE's total employee count. Women fill 81% of Administrative Support jobs and 17% of Technician jobs. They comprise only 22% of HPE's Sales Workers and only 17% of its Executive/Senior/ Official & Manager employees.

4. In this regard, HPE is the epitome of a company in a male-dominated industry, in this case, technology and technology sales. Analysts have found that the majority of industries with the largest gender pay gaps are male-dominated.[2] For example, analysts found the earnings of women in sales representatives and services roles to be only 67.7% of men's in the same roles. *Id.*

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[1] H-P is familiar with pay discrimination and its consequences. In 2016, following an investigation by the U.S. Department of Labor, H-P settled allegations alleging H-P failed to provide equal opportunity for workers of all races and ethnicities. *See* https://www.dol.gov/newsroom/releases/ofccp/ofccp20160921.

[2] *See* https://www.seattletimes.com/explore/careers/the-10-jobs-with-the-biggest-gender-pay-gap/.

5. HPE's lack of transparency obstructs progress toward elimination of the gender pay gap. Unlike, for example, Salesforce.com, another large technology and technology sales company based in Silicon Valley, HPE does not publically identify specific measures taken to address the gender pay gap.[3] Instead, through its website, HPE advises employees to keep their compensation to themselves, stating "**Don't compare yourselves to your co-workers**[.] Your compensation should be about you and your performance. By talking about your co-workers, you detract from that point. 'Don't start the discussion by telling your boss "I know Gary makes X more dollars than me,"' says Robin Schwartz, managing partner of MFG Jobs." (Emphasis in original).[4] HPE also fails to make its pay grades available, leaving employees in the dark about what male counterparts may make and at what level of the pay grade women are as compared to men.[5]

6. Plaintiffs bring this action on behalf of themselves and a class consisting of all women employed by HPE in California during the Class Period (defined *infra*), and who have held or currently hold a position falling within one of the following categories: (1) Engineering, Information Technology, and Design (Software Engineer Positions; Engineer Positions; Software Manager Positions;); (2) Administration, Finance, and Legal; (3) Operations; (Sales Positions; Director of Operations Positions) (4) Public Relations, Marketing, and Sales (Sales

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[3] *See, e.g.* https://www.salesforce.com/company/equality/equal-pay/ ("Spent a total of $8.7 million to adjust salaries… to address statistical differences in pay"); https://www.salesforce.com/company/equality/ https://www.salesforce.com/blog/2018/04/2018-salesforce-equal-pay-assessment-update.html ("We're proud of the action we've taken on equal pay. In 2015, Salesforce was one of the first companies to take a public stance on pay equality. We vowed to review employee compensation on an annual basis to ensure everyone is paid equally for equal work and close any gaps that existed. Since then, we've conducted two equal pay assessments…"); https://www.salesforce.com/blog/2018/10/courageous-conversations-women-workplace.html.

[4] https://www.hpe.com/us/en/insights/articles/how-to-ask-for-a-raise-in-2018-avoid-these-common-pitfalls-1801.html.

[5] https://www.glassdoor.com/Reviews/Employee-Review-Hewlett-Packard-Enterprise-HPE-RVW8154884.htm ("Pay grades are a joke. Everything is secret. They will not disclose the pay grade per job titles. Only a 10% increase in salary if you get promotion split into two lots. So after 6 months you get 5%, then after 12 months another 5%. Sadly 10% of nothing is not alot [sic]. Yet someone coming in from the outside can come straight in on much more money than an internal taking up another job.")

Positions; Director of Operations Positions); and (5) Human Relations and Development (collectively, the "Covered Positions").[6] Plaintiffs and other women in the Covered Positions have been paid unequally compared to men, in violation of California law.

7. HPE has common, companywide policies and practices for setting compensation that applied to all HPE employees in the Covered Positions in California, male and female. These policies and practices, however facially uniform, do not result in equal pay for women and men, resulting in unequal compensation between the sexes. HPE has subjected Plaintiffs and similarly situated female employees to lesser pay and benefits. HPE has also treated Plaintiffs and similarly situated female employees differently from and less preferably than similarly situated male employees who performed jobs that require equal skill, effort and responsibility and that are performed under similar working conditions. These practices are discriminatory and violate the California Equal Pay Act ("CA Equal Pay Act"), among other laws.

8. HPE has systematically paid its female employees less than similarly situated males and continues to do so. These discriminatory patterns and practices occur throughout HPE in California. HPE's corporate culture and centralized leadership, and the uniform policies, procedures, and practices inevitably result in systemic pay discrimination to the disadvantage of female employees. Such pay discrimination is manifested in multiple ways, including, without limitation, by: (a) paying Plaintiffs and other female employees less than similarly situated male employees; (b) failing to advance Plaintiffs and other female employees at the same rate as male employees performing equal or substantially similar work; and (c) other adverse employment actions.

9. Plaintiffs and other Class members are paid less for performing substantially equal or similar work to that of men, with no legal justification, through HPE's use of a uniform set of policies and/or practices to determine employees' compensation throughout California. This uniform set of policies and practices, which accompanies and works with HPE's job

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[6] https://www.hpe.com/us/en/about/jobs.html.

architecture, includes centralized policies and/or practices relating to employees' base pay, raises, bonuses, and company equity.

THE PARTIES

10. Individual and representative Plaintiff R. Ross (“Plaintiff Ross”) is a woman who was employed by HPE (and Hewlett-Packard, pre-split) in California from 2001 to 2018. Plaintiff Ross is a member of the proposed Class.

11. Individual and representative Plaintiff C. Rogus (“Plaintiff Rogus”) is a woman who was employed by HPE in California as an Implementation Lead from April 2013 to May 2018. Plaintiff Rogus is a member of the proposed Class.

12. Defendant Hewlett Packard Enterprise Company (“Defendant” or “HPE”) is a Delaware corporation. It maintains its principal place of business and worldwide headquarters at 3000 Hanover Street, Palo Alto, California 94304.

13. In 2015, Hewlett-Packard Company (“H-P”) split into two companies, HPE and HP, Inc. HPE was founded November 1, 2015 and, to the extent allegations in this Complaint cover the time period before November 1, 2015, HPE refers to and includes Hewlett-Packard Company.

JURISDICTION AND VENUE

14. This Court has jurisdiction over this action because HPE maintains its principal place of business and headquarters in California, is licensed to do business in California, regularly conducts business in California, and has committed and continues to commit the unlawful acts alleged herein in California.

15. Venue is proper in this Court pursuant to California Code of Civil Procedure section 395.5 because HPE’s principal place of business and headquarters is located in this County and because injuries asserted herein occurred in this County.

FACTUAL ALLEGATIONS

A. HPE’s Compensation Policies and Practices are Standardized and Centralized

16. HPE is an enterprise information technology company that was founded in November 2015 as a result of Hewlett-Packard’s split into two companies, HPE and HP, Inc.

HPE operates as an independent, publicly-traded company and has approximately 66,000 employees.[7]

17. HPE identifies its compensation and benefits program as its "Total Rewards" program, stating on its website that the Total Rewards program includes competitive base pay and benefits, a possible performance-based bonus, as well as other "recognition for your contributions, and potential participation in long-term incentives like annual equity rewards." *See* https://www.hpe.com/us/en/about/jobs.html.

18. HPE has a Global Base Pay Policy ("Global Pay Policy") that applies to all regular HPE employees worldwide with the exception of Section 16 Officers. *See* Hewlett Packard International Bank plc. Remuneration Policy, Updated: June 2018 (attached hereto as (**Exhibit A**.)

19. According to its Global Pay Policy, "[s]alary ranges are assigned to each position in each country to define a range of pay which is appropriate and market competitive." *Id.* at 2.0.

20. Among other standardized salary and promotion policies, the Global Pay Policy also sets forth the standardized process of annual performance and base-pay reviews as part of its Focal Point Review process (*id.* at 3.0); provides for the New Hire Merit Increase Program, allowing eligible employees to participate in increase programs during the first 15 months with HPE; and prescribes the procedure for adjustments to salary based on "job architecture realignment which results in the job being positioned on a higher [or lower] pay grade or job level." *Id.* 5.1; 5.2

21. On information and belief, HPE does not publicly disclose its pay-grade or job-level structure.

22. On information and belief, HPE provides wide ranges of salaries employees may receive at a particular job level.

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[7] https://www.forbes.com/companies/hewlett-packard-enterprise.

23. On information and belief, HPE publicly identifies its employees as having specific job levels. These levels are identified familiarly as I-VI. For example, "Customer Engineer IV."

24. On information and belief, internally, HPE identifies employees by common, centralized job codes and associated pay grades.

B. The California Equal Pay Act and the Gender Wage Gap

25. California's Equal Pay Act (the "Equal Pay Act") prohibits an employer from paying any of its employees wage rates that are less than what it pays employees of the opposite sex, of another race, or of another ethnicity for substantially similar work, when work is viewed as a composite of skill, effort, and responsibility, and performed under similar working conditions, unless the employer demonstrates that the difference in wage rate is based on a seniority system, a merit system, a system that measures quantity or quality of production, or a factor other than sex, race, or ethnicity, such as education, training, or experience. *See* Cal. Lab. Code § 1197.5 *et seq.*

26. The Equal Pay Act creates strong protections for women by requiring employers to pay women and men equally for "substantially similar" work performed under similar working conditions, even if their titles are different or they work in different offices, unless pay differences are based on systems of seniority, productivity, or merit, or can be explained entirely by a non-sex-related factor that is related to the position in question and are consistent with business necessity.

27. The "substantially similar" requirement is designed to ensure that employers look beyond job titles to focus on what employees are actually doing when making pay decisions.

28. Employers may not justify sex-based pay differences solely on the grounds of the female employee's prior salary.

29. The Equal Pay Act was strengthened in 2016 by statutory changes known as the Fair Pay Act and again in 2017 by two more statutes, amending the California Labor Code and creating one of the strongest equal-pay laws in the United States.

30. The law was specifically amended to allow individuals like Plaintiffs to challenge the wage-disparity issues at HPE—the law was meant to take aim at the persistent gender wage gap.

31. According to the U.S. Census Bureau, on average, in the United States in 2016, a woman earned 80.5 cents for every dollar a man earned, and women's median annual earnings are $10,086 less than men's.[8] According to a Pew Research Center analysis of median hourly earnings of both full-time and part-time workers in the United States, in 2017, women earned 82% of what men earned.[9]

32. California women employed full-time are still losing a combined total of more than $78.6 billion annually due to the wage gap, which translates to hundreds of thousands of dollars in lost income over an individual woman's lifetime, according to the National Partnership for Women and Families.[10]

33. While it is illegal in the U.S. and California to pay women less than men for the same or substantially similar work, there is no law requiring companies to disclose their gender pay gap—let alone a law specifying the measure to use or how much weight to give certain factors. Unsurprisingly, numbers released by companies—if they choose to release them—can vary significantly. And companies are known to manipulate their statistics to make the gender pay gap "vanish."[11]

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[8] *See* https://www.census.gov/data/tables/time-series/demo/income-poverty/historical-income-people.html.

[9] *See* http://www.pewresearch.org/fact-tank/2018/04/09/gender-pay-gap-facts/; *see also* American Association of University Women, The Simple Truth About the Gender Pay Gap: Spring 2017 Edition, AAUW, 4 (2017), https://www.aauw.org/research/the-simple-truth-about-the-gender-pay-gap/ (reporting that on average, women are paid 80 cents for every dollar men performing the same work are paid.)

[10] National Partnership for Women and Families, Fact Sheet: California Women and Wage Gap, Apr. 2017 at http://www.nationalpartnership.org/research-library/workplace-fairness/fair-pay/4-2017-ca-wage-gap.pdf.

[11] Jordyn Holman, How Companies Use Math to Make the Gender Pay Gap Vanish, Bloomberg (May 9, 2018), https://www.bloomberg.com/news/articles/2018-05-09/how-companies-use-math-to-make-the-gender-pay-gap-vanish.

34. On information and belief, HPE has not published a pay-gap audit or other analysis regarding employees in California or the United States.[12]

C. HPE's Violations of the Equal Pay Act and UCL

35. Throughout the Class Period, HPE has paid and continues to pay its female employees in Covered Positions systematically lower compensation (including salary, stock, and bonuses) than HPE has paid and continues to pay male employees performing substantially equal work (through December 31, 2015) or substantially similar work (from January 1, 2016 forward) under similar working conditions. This conduct violates the California Equal Pay Act, California Labor Code section 1197.5.

36. Throughout the Class Period, HPE has maintained and continues to maintain a common practice of paying its female employees in Covered Positions less than male employees for substantially equal or similar work, when viewed as a composite of skill, effort, and responsibility, and performed under similar working conditions.

37. Specifically, HPE has paid and continues to pay women less than men in the same job position and pay grade or job level (i.e. salary band), even though HPE acknowledges that persons in the same job position and pay grade or job level perform substantially equal or substantially similar work. Plaintiffs experienced this violation of the Equal Pay Act in the same manner as did other women in Covered Positions.

38. HPE has also paid and continues to pay women less than men in the same job position but different pay grade or job level (i.e. salary band), because HPE has placed and continues to place men in higher pay grades or job levels than women, even though women and men in the same job title but different pay grades or job levels perform substantially equal or substantially similar work. Plaintiffs each experienced this violation of the Equal Pay Act in the same manner as did other women in Covered Positions.

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[12] HP's business unit in the United Kingdom and Ireland published a so-called "Gender pay gap report" in 2017. *See* http://www8.hp.com/uk/en/pdf/privacy/HPUK-Gender-paygap-report.pdf. However, the report only compares "the average woman and the average man" working at HP UK, "regardless of the nature of their role and responsibilities." *Id.* at 4.

39. Despite HPE's claim that pay grades or job levels correspond to duties and responsibilities as well as salary, women in Covered Positions often perform substantially equal or substantially similar work as men in the level above them.

40. Women in Covered Positions at HPE are also paid less than men for the same actual work performed, aside from how their jobs are described by HPE.

41. At all relevant times, HPE has known or should have known of this pay disparity between its female employees in Covered Positions and male employees performing substantially equal or substantially similar work; yet, HPE has taken no action to equalize its male and female employees' pay for substantially equal or substantially similar work. HPE's failure to pay female employees the same compensation paid to male employees for substantially equal or substantially similar work has been and is willful.

42. For example, HPE organizes employees by job levels and ladders, for which compensation ranges are set on a company-wide basis. On information and belief, long-term employees of HPE remain at a job level 1 or 2, in contrast to new hires who start at or quickly rise to a level 3. *See, e.g.*, Global Pay Policy, at 4.0.

43. On information and belief, HPE also considers or has considered each new hire's prior compensation when determining that employee's compensation, as well as in deciding which job level to place that new hire. Because women are historically paid less than men, HPE's use of prior compensation to set starting compensation for its employees perpetuates this historic pay disparity between men and women, and results in men receiving higher starting salaries than women for performing substantially equal or similar work. *Id.* ¶ 40. In addition, because HPE also considers or has considered prior salary when deciding which job level to assign an employee, women are routinely assigned to lower salary levels than men who are in the level above them even though they perform the same jobs. *Id.* ¶ 41. Plaintiffs allege that HPE has known or should have known of the substantial pay disparities between female and male employees in Covered Positions who perform substantially equal or similar work. *Id.* ¶ 43.

44. Because bonuses are based on an employee's base pay, a lesser base pay results in lesser bonus amounts, further perpetuating the pay inequity.

45. On information and belief, HPE channeled women into lower-paying job positions than men because of HPE's stereotypes about what men and women can or should do. For example, women are placed into lower-paying Operations jobs instead of higher-paying Engineer jobs.

46. Under Labor Code section 1197.5, “substantially similar work” refers to work that is mostly similar in skill, effort, responsibility, and performed under similar working conditions.

47. Each of the Covered Positions, are, respectively, comparable.

48. There are no legitimate, non-discriminatory reasons for the wage disparity, nor can it be explained away by any bona fide seniority, merit, or incentive system, or any other factor other than sex. There are no statutory exemptions that permit wage disparity.

49. Neither Plaintiffs nor other Class members agreed to work for a lesser wage than that they are owed by law.

50. Plaintiffs have not received payment in full by Defendant, and so, the Division of Labor Standards Enforcement (DLSE) cannot have approved of any payment. There is no waiver of Plaintiffs’ civil causes of action under the Equal Pay Act.

51. Due to HPE’s unlawful conduct, Plaintiffs and Class members received a lesser wage than that to which they were entitled. Plaintiffs and all other Class members are entitled to and seek recovery of the balance of compensation[13] owed, wages, interest, liquidated damages, and costs of suit and reasonable attorneys’ fees. Cal. Lab. Code § 1197.5, subd. (h).

52. In addition, on information and belief, HPE during the Class period paid female employees less than men performing substantially equal or similar work in the same job, in part because HPE as a common practice started men at higher salary levels (i.e. pay bands).

53. HPE’s common practice of using prior compensation to set starting compensation for its employees perpetuates the historic pay disparity between men and women,

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[13] As used in this complaint, “compensation” refers to and includes salary, commissions, bonuses, and stock.

and results in men receiving higher starting salaries than women, even when those men and women are hired into the same job position and perform substantially equal or similar work.

54. HPE's annual performance-review process widens the gender pay gap because it drives a "stack rank" (bell curve) method of ratings, where only a set number of employees can be deemed top performers based on an undisclosed ratings target. Where women make up the minority of employees, this process perpetuates the pay disparity by limiting the number of women eligible for performance-based raises and bonuses.

55. Raises at HPE perpetuate and widen the gender pay gap because they are based on a percentage of the employees' existing HPE salary. The longer a woman works at HPE, the less she is paid compared to similarly situated men, even men performing substantially equal or similar work in the same job position.

56. Bonuses at HPE perpetuate and widen the gender pay gap because they are based on a percentage of the employees' existing HPE salary. The longer a woman works at HPE, the less she is paid compared to similarly situated men, even men performing substantially equal or similar work in the same job position.

57. Moreover, HPE does not equate promotions with more pay, which further perpetuates and widens the gender pay gap because HPE is able to point to a promotion as a mechanism for equality and, at the same time, hide the truth buried in its undisclosed pay bands. As an example, a job code/salary band for a female employee might be two levels below that employee's true responsibility level and that employee may make significantly less money than a male employee who has been similarly promoted and shares a title but has a different job code.

58. Further, on information and belief, HPE's pay policies mask a wide pay range within job codes, which enables HPE to place female and male employees in the same job code but pay the female employee much less.

59. HPE is required to maintain records of the wage rates, job classifications, and other terms and conditions of employment of all of its employees throughout California. Accordingly, at all relevant times, HPE has known or should have known of the substantial pay

disparities between its female employees in Covered Positions and male employees in Covered Positions performing substantially equal work (through December 31, 2015) or similar work (from January 1, 2016), yet HPE has taken no action to equalize men and women's pay for equal or substantially similar work. HPE's failure to pay female employees the same compensation paid to male employees for equal or substantially similar work has been and is willful.

60. As a result of HPE's unlawful pay policies and/or practices, Plaintiffs and Class Members have been denied compensation legally owed to them for work performed during the Class Period and are entitled to wages and other compensation due, interest thereon, and liquidated damages. In addition to damages, Plaintiffs also seek declaratory and injunctive relief enjoining HPE from continuing to pay women less than men for substantially similar work.

D. HPE's Violations of the Fair Employment and Housing Act Support the UCL Claim

61. The Fair Employment and Housing Act ("FEHA"), Government Code section 12940(a), prohibits discrimination, harassment, and retaliation based on sex, gender, race, and national origin in employment. This outlaws paying a female employee less than other male employees for the same or substantially similar work. It also prohibits the use of any policy or procedure that has the effect of creating pay disparities between individuals in a protected class and other individuals, even if the employer does not intend to discriminate.

62. Throughout the Class Period, HPE has violated and continues to violate FEHA, Government Code section 12940(a), by discriminating against women with respect to their compensation and/or in the terms, conditions, and privileges of employment on the basis of sex.

63. Specifically, HPE has created and implemented common compensation, promotion, and assignment policies and practices through which it: (a) assigns women to lower "levels" (i.e. salary bands) than similarly situated men, even when these women's qualifications are equal to or greater than the men's; (b) assigns women to jobs that HPE does not compensate as highly as those jobs populated largely by men, even when women are equally qualified for the more highly compensated jobs; (c) promotes women more slowly and at lower rates than

similarly situated men, even though women are equally or more qualified for promotion; and (d) pays women less than similarly situated men.

64. HPE has relied on prior pay when setting its employees' starting salaries and assigning them to salary levels, a policy and practice that caused HPE to slot women into lower salary levels and to pay women lower starting pay than similarly qualified men. Throughout the Class Period, HPE's use of prior salaries has resulted in women in Covered Positions, including Plaintiffs, being placed into lower-paying salary levels, and paid lower compensation on initial hire, than similarly qualified males. HPE's use of prior salary to determine the employees' assigned level, combined with its other practices described herein, perpetuates underpaying women at HPE.

65. On information and belief, at all relevant times, HPE has regularly and routinely channeled and segregated female employees in California into lower-paying salary bands or levels than men with equal or lesser qualifications and/or paid women less than similarly qualified or situated men.

66. HPE's violations of the FEHA serves as a predicate for Plaintiffs' UCL claim.

ALLEGATIONS OF NAMED PLAINTIFFS

A. Plaintiff Ross

67. Plaintiff Ross was employed by H-P and, following the company split, HPE, for a total of 17 years. Plaintiff Ross always worked in sales operations with H-P and HPE.

68. Plaintiff Ross was most recently employed by HPE as a Director of Sales Operations. Plaintiff Ross moved up HPE job ladders, having started at the company in November 2001.

69. Plaintiff Ross originally worked as business analyst.

70. Plaintiff Ross holds a B.A. in biology from the University of California at Berkeley and an M.B.A. from California State University at East Bay.

71. Plaintiff Ross' duties have included developing and supporting operational strategic models to support success in worldwide channel sales of HPE products.

72. As a Director of Sales Operations, Plaintiff Ross was responsible for overseeing sales operations, including providing oversight of and support to sales teams, and conducting sales and performance analytics, financial and otherwise.

73. In her capacity as a Director of Sales Operations, Plaintiff Ross was privy to financial documents and, on at least one occasion, received a file including salary information of her male colleagues. Plaintiff Ross noted that the base pay of male employees who joined HPE during the Class Period exceeded the base pay of female employees who joined around the same time and even that of female employees who had more extensive work experience at HPE.

74. Plaintiff Ross was told by a former superior who had access to the salaries of her subordinates that Plaintiff Ross's salary was less than her male peers who were performing substantially equal or similar work under similar working conditions.

75. Plaintiff Ross's total annual compensation, including bonuses, at H-P in 2014 was approximately 3% more than her total annual compensation, including bonuses, in 2017, three years later.

76. Plaintiff Ross left HPE in or about January 2018. At the time of her departure from HPE, a superior of Plaintiff Ross told her that she was underpaid compared to male peers.

77. On information and belief, at all times Plaintiff Ross worked at HPE, she was paid less than men for substantially equal or similar work performed under similar working conditions, when viewed as a composite of skill, effort, and responsibility.

B. Plaintiff Rogus

78. Plaintiff Rogus was hired by H-P in April 2013 to work in its Veterans Affairs Integrated Services ("VISN") 21 area project, based in Roseville, California. Following the company split, Plaintiff Rogus worked for HPE on the same project.

79. More specifically, Rogus was Implementation Project Manager for a project, known as the Real Time Location System ("RTLS").

80. Plaintiff Rogus holds a B.A. in communications from the University of Illinois.

81. Plaintiff Rogus has worked in various project-management capacities since 2000.

82. Before working at HPE, Plaintiff Rogus worked as a project manager and senior business analyst at a mortgage company in the Sacramento area.

83. Under the VISN 21 project, approximately eight to ten teams across the United States were tasked with implementing the RTLS, which involved keeping track of medical equipment in the government-run Veterans Affairs healthcare system.

84. Each team had a project manager ("PM") and an implementation project manager ("IM"). Each team's IM reported to its PM.

85. Upon information and belief, PMs had more supervisory authority than IMs, and therefore PMs were paid more than IMs.

86. H-P asked about and Rogus told them her prior compensation before she joined H-P.

87. According to information obtained by Rogus regarding VISN21 salaries in March 2014, the PM on her team, Jerry Thomte, was paid 14.27 percent more per hour than Rogus.

88. In September 2014, Thomte died. HPE offered Rogus the vacant position as PM.

89. Rogus agreed to take on Thomte's PM position on the condition that her role and salary would be increased to account for the added responsibility.

90. HPE gave Rogus a 2% performance-related pay increase, but did not change her role, nor pay her what Thomte had been paid.

91. Rogus excelled in the PM position.

92. Upon information and belief, during Rogus's tenure at HPE, more men than women were in PM positions.

93. Upon information and belief, during Rogus's tenure at HPE, male PMs were paid more than female PMs.

94. Rogus stopped working at HPE in April 2018.

CLASS ALLEGATIONS

95. This action is brought and properly maintained as a class action pursuant to Code of Civil Procedure section 382.

96. Plaintiffs Ross and Rogus seek to represent a Class in this action initially defined as:

> All women employed by Hewlett Packard Enterprise Company in a Covered Position (*see* ¶ 6) during the Class Period (the "Class").

97. The Class Period for the Class and any subclasses dates back four years (or the length of the longest applicable statute of limitations for any claim asserted) from the date this action was originally filed. Excluded from the Class are: (a) any officers, directors, or employees of the Defendant; (b) any judge assigned to hear this case (or spouse or family member of any assigned judge); (c) any employee of the Court; and (d) any juror selected to hear this case.

98. Plaintiffs reserve the right to modify or amend the above-referenced definitions before the Court determines whether certification is appropriate.

99. This action is properly maintained as a class action pursuant to Code of Civil Procedure section 382 because the Class is sufficiently ascertainable and numerous, has a well-defined community of interest, and substantial benefits from certification render class treatment superior to the alternative, individual treatment.

100. **Ascertainable and Numerous Class.** The proposed Class is ascertainable, as the names, job positions, and contact information of all Class members can be identified in the employment and business records maintained by Defendant. Thus, individual Class members can be identified by Plaintiffs through minimally intrusive discovery. The proposed Class is ascertainable, as it is sufficiently numerous. Defendant employs or did employ hundreds, if not thousands, of women in California. The precise number of members of the Class can only be obtained through discovery, but the number is more than can be consolidated in one complaint. It is impractical for each member to bring suit individually and Plaintiffs do not anticipate any difficulties in the management of the action as a class action.

101. **Well-Defined Community of Interest.** The proposed Class has a well-defined community of interest in the questions of fact and law to be litigated and the common questions of law and fact predominate over any questions affecting only individual members of the Class with respect to the liability and relief issues, as well as anticipated affirmative defenses.

a. **Common Questions of Fact and Law Predominate over Individual Issues.** The litigation of the questions of fact and law involved in this action will resolve the rights of all members of the Class and hence, will have binding effect on all Class members. Among such common questions of law and fact are the following:

i. Whether HPE has a systemic policy and/or practice of paying female employees in Covered Positions lower wage rates than those paid to male employees performing substantially equal or similar work under similar conditions;

ii. Whether HPE has a systemic policy and/or practice of paying women in Covered Positions less than similarly situated and/or qualified men;

iii. Whether HPE's systemic policy and/or practice of paying female employees in Covered Positions lesser wage rates than those paid to male employee counterparts violates the California Equal Pay Act;

iv. Whether HPE has a systemic policy and or practice of assigning and channeling women in Covered Positons to lower-paying job positions, job ladders, and salary levels;

v. Whether HPE's policy and/or practice of paying lesser wage rates to female employees in Covered Positions than those it paid to male employee counterparts was willful;

vi. Whether HPE's use of prior pay to determine starting salary has an adverse effect on women, in terms of compensation, position, or level assigned;

vii. Whether Defendant violated the UCL by violating state laws, including FEHA;

viii. Whether Plaintiffs and Class members are entitled to damages and/or restitution and the proper measure of that loss;

ix. The suitability and proper form of any declaratory or injunctive relief; and

x. The suitability and proper measure of monetary and other damages sustained by Plaintiffs and the Class.

b. **Typicality.** Each Plaintiff is a typical member of the Class and the claims of each are typical of claims of other Class members. Each Plaintiff was or is an employee of HPE in a Covered Position in California during the Class Period and was subject to the same compensation policies and practices—i.e., she was paid less than male employees for substantially equal work (through December 31, 2015) or similar work (January 1, 2016 to present). Plaintiffs and Class members sustained, and will continue to sustain, damages arising from Defendant's common and uniform course of wrongful conduct, and Plaintiffs' claims are founded on the same legal theories as those of the Class.

c. **Adequacy of Representation.** Plaintiffs are committed to the vigorous prosecution of this action, have no interests contrary to those of other Class members, and will fairly and adequately protect the interests of the Class. Plaintiffs have retained the law firms of Zimmerman Reed, LLP and Lockridge Grindal Nauen P.L.L.P., competent counsel with extensive experience in class-action litigation, including employment litigation, and who have the necessary financial and legal resources to meet litigation costs and legal issues.

102. **Superiority of Class Adjudication.** The certification of a class in this action is superior to the litigation of a multitude of cases by members of the putative class. Class adjudication will conserve judicial resources and avoid the possibility of inconsistent rulings. There are Class members who are unlikely to join or bring an action due to, among other reasons, their reluctance to sue Defendant and/or their inability to afford a separate action. Equity dictates that all persons who stand to benefit from the relief sought herein should be subject to the lawsuit and hence subject to an order spreading the costs of the litigation among the Class members in relation to the benefits received. The damages, restitution, and other potential recoveries for each individual member of the Class are modest, relative to the substantial burden and expense of individual prosecution of these claims. Given the amount of the individual Class members' claims, few, if any, Class members could afford to seek legal redress individually for the wrongs complained of herein. Individualized litigation presents a potential for inconsistent or contradictory judgments. Individualized litigation increases the delay and expense to all parties and the court system presented by the complex legal and factual

issues of the case. By contrast, the class-action device presents far fewer management difficulties, and provides the benefits of single adjudication, economy of scale, and comprehensive supervision by a single court.

103. In the alternative, the Class may be certified because:

a. The prosecution of separate actions by the individual members of the Class would create a risk of inconsistent or varying adjudication with respect to individual Class members' claims which would establish incompatible standards of conduct for Defendant;

b. The prosecution of separate actions by individual members of the Class would create a risk of adjudications which would as a practical matter be dispositive of the interests of other members of the Class who are not parties to the adjudications, or which would substantially impair or impede the ability of other Class members to protect their interests; and,

c. Defendant has acted or refused to act on grounds generally applicable to the Class, thereby making appropriate final and injunctive relief with respect to the Class.

FIRST CAUSE OF ACTION

Violations of California Equal Pay Act, Labor Code §§ 1197.5, 1194.5

(Against Defendant on Behalf of the Class)

104. Plaintiffs incorporate all preceding and succeeding allegations by reference as if fully set forth herein.

105. At all relevant times, Plaintiffs were employed by HPE in California.

106. At all times herein mentioned, the California Equal Pay Act, California Labor Code section 1197.5 *et seq.*, was in full force and effect and binding upon HPE.

107. Labor Code section 1197.5 provides, "[a]n employer shall not pay any of its employees at wage rates less than the rates paid to employees of the opposite sex for substantially similar work, when viewed as a composite of skill, effort, and responsibility, and performed under similar working conditions..." Cal. Lab. Code § 1197.5.

108. Throughout the Class Period, in violation of Labor Code section 1197.5, HPE has paid its female employees at wage rates less than the wage rates it has paid to its male

employees for substantially equal or similar work, when viewed as a composite of skill, effort, and responsibility, and performed under similar working conditions.

109. From the beginning of the Class Period until at least December 31, 2015, HPE paid women less compensation than it paid men in the same establishment (all HPE office locations in California) for equal work on jobs the performance of which required equal skill, effort, and responsibility, and performed under similar working conditions.

110. From at least January 1, 2016 until the present, HPE has paid women less compensation than men in the same establishment (all HPE office locations in California) for substantially similar work, when viewed as a composite of skill, effort, and responsibility, and performed under similar working conditions.

111. Throughout the Class Period, HPE has maintained and continues to maintain a centralized, uniform policy and/or practice throughout California of failing to adjust employees' wage rates to ensure that it does not pay its female employees less than its male employees for substantially equal or similar work.

112. There is no legal justification for HPE's failure to pay women and men equal wages for performing substantially equal or similar work.

113. HPE has willfully violated Labor Code section 1197.5 by intentionally, knowingly, and/or deliberately paying women less than men for substantially equal or similar work throughout the Class Period. These violations have continued throughout Plaintiffs' employment and constitute a continuing violation.

114. As an actual and proximate result of HPE's violations of Labor Code section 1197.5, ongoing conduct, and/or willful discrimination, Plaintiffs and Class Members have suffered and will continue to suffer harm, including but not limited to lost earnings, lost benefits, and other financial loss, as well as non-economic damages.

115. HPE's conduct was a substantial factor in causing Plaintiffs harm.

116. Plaintiffs and other members of the Class are entitled to all legal and equitable remedies available under law, including compensation, wages, interest, liquidated damages, and attorneys' fees.

SECOND CAUSE OF ACTION

Failure to Pay All Wages Due to Discharged and Quitting Employees,

Labor Code §§ 201-203, 1194.5

(Against Defendant on Behalf of the Class)

117. Plaintiffs incorporate all preceding and succeeding allegations by reference as if fully set forth herein.

118. California Labor Code sections 201, 202, and 203 require HPE to pay all earned and unpaid wages to an employee who is discharged or quits. Pursuant to Labor Code section 201, if an employer discharges an employee, all wages earned, accrued, and unpaid at the time of discharge are due and payable immediately. Pursuant to Labor Code section 202, if an employee quits, the employee's wages earned, accrued, and unpaid at the time of discharge are due and payable no later than 72 hours after the employee quits, unless the employee provided at least 72 hours of notice of her intention to quit, in which case the wages are due and payable immediately.

119. Labor Code section 203 provides that if an employer willfully fails to pay, in accordance with Labor Code section 201 and 202, any wages of an employee who is discharged or who quits, the employer is liable for waiting time penalties in the form of continued compensation to the employee at the same rate for up to 30 work days.

120. By paying Plaintiffs and the Class lesser wages than wages paid to their male counterparts for performing substantially equal or similar work, HPE violated and continues to violate Labor Code sections 201 and 202, respectively, as HPE willfully failed and continues to fail to pay all accrued wages due to Plaintiffs and the Class, who were discharged or who quit.

121. As a result of HPE's unlawful actions and omissions, the Class is entitled to all available civil penalties, including continuing wage waiting-time penalties provided by Labor Code section 203, interest thereon, as well as all other available remedies.

<u>THIRD CAUSE OF ACTION</u>

Violation of the Unfair Competition Law,

Cal. Bus. & Prof. Code § 17200 *et seq*.

(Against Defendant on Behalf of the Class)

122. Plaintiffs incorporate all preceding and succeeding allegations by reference as if fully set forth herein.

123. Plaintiffs bring this claim individually and on behalf of the Class and pursuant to section 17200 *et seq*. of the Business & Professions Code, the Unfair Competition Law ("UCL") against Defendant.

124. California's UCL prohibits unfair competition, which includes any "unlawful, unfair or fraudulent" act or practice, as well as any "unfair, deceptive, untrue or misleading" advertising. Cal. Bus. & Prof. Code § 17200 *et seq*.

Unlawful

125. A business act or practice is "unlawful" under the UCL if it violates any other law or regulation.

126. HPE's conduct was and continues to be unlawful under the UCL because it violated California's Equal Pay Act, the California Fair Employment and Housing Act, ("FEHA"), Labor Code sections 201, 202, and 203, and other laws as described herein.

127. In violation of the Equal Pay Act and as described above, Plaintiffs and Class members were uniformly subject to HPE's policy and/or practice of paying female employees less than male employees for substantially equal or similar work performed.

128. In violation of the FEHA and as described above, Plaintiffs and Class members were uniformly subject to HPE's policy and/or practice of discriminating against female employees in compensation and in terms, conditions, and privileges of employment on the basis of sex.

129. In violation of Labor Code sections 201, 202, and 203 and as described above, Plaintiffs and Class members were uniformly subject to HPE's policy and/or practice of failing to timely pay all wages earned and due to female employees who are discharged or who quit.

Unfair

130. A business act or practice is “unfair” under the UCL if the reasons, justifications, and motives of the alleged wrongdoer are outweighed by the gravity of the harm to the alleged victims.

131. Defendant committed, and continue to commit, “unfair” business acts or practices by, among other things: (a) engaging in conduct for which the utility of the conduct, if any, is outweighed by the gravity of the consequences to the Plaintiffs and all other Class members; (b) engaging in conduct that is immoral, unethical, oppressive, unscrupulous, or substantially injurious to Plaintiffs and all other Class members; and (c) engaging in conduct that undermines or violates the spirit or intent of the laws that this Complaint invokes.

132. HPE’s business practices of paying women less than men for substantially similar work, of paying women less than similarly situated men, of assigning and keeping women in lower levels and less highly compensated job ladders than similarly qualified men, and of failing to promote women, cause harm to Plaintiffs and Class members that outweighs any business reason HPE may assert.

133. HPE’s business practices are immoral, unethical, oppressive, unscrupulous, and offensive to the established public policy of ensuring women and men are paid equally for performing substantially similar work, policy reflected in California’s Equal Pay Act. HPE’s conduct is also immoral, unethical, oppressive, unscrupulous, and offensive to the established public policy of ensuring women are not discriminated against in the workplace, policy reflected in FEHA.

134. Plaintiffs and all other Class members have suffered injury in fact and suffered monetary loss as a direct result of Defendant’s conduct.

135. Under section 17203 of the UCL, Plaintiffs and Class members are entitled to (a) restitution and disgorgement of all unjustly retained monies; (b) equitable relief; (c) pre- and post-judgment interest at the highest rate allowable by law; (d) payment of attorneys’ fees and costs pursuant to Code of Civil Procedure section 1021.5; and (e) any other relief this Court deems proper.

FOURTH CAUSE OF ACTION

Declaratory Relief, Cal. Code Civ. P. § 1060 *et seq.*

(Against Defendant on Behalf of the Class)

136. Plaintiffs incorporate all preceding and succeeding allegations by reference as if fully set forth herein.

137. There is an actual controversy between Plaintiffs and HPE regarding the legal rights and duties of the parties set forth above. As described above, Plaintiffs contend that HPE's employment policies and practices are inconsistent with California law.

138. Plaintiffs seek a declaration of their rights under California Code of Civil Procedure section 1060. A judicial declaration is necessary and appropriate at this time so that Plaintiffs and HPE's rights and obligations may be determined with certainty.

PRAYER FOR RELIEF

WHEREFORE, Plaintiffs, individually and on behalf of all those similarly situated, pray for relief and judgment against HPE as follows:

A. For an order certifying the Class pursuant to Code of Civil Procedure section 382 and appointing Plaintiffs and their undersigned counsel to represent the Class;

B. For all wages and compensation owed under Labor Code section 1197.5(h);

C. For liquidated damages pursuant to Labor Code section 1197.5(h);

D. For payment of prejudgment interest as provided by law, including prejudgment interest on unpaid wages at a rate of 10% per annum pursuant to Labor Code section 1197.5(h) and Civil Code sections 3287-3288;

E. For statutory and civil penalties according to proof, including but not limited to all continuing wage waiting-time penalties authorized by Labor Code section 203;

F. For restitution;

G. For disgorgement;

H. For declaratory relief;

I. For preliminary and permanent injunctive relief prohibiting Defendant from further violations of the Labor Code and UCL;

J. For reasonable attorneys' fees and costs;

K. For payment of costs of suit incurred herein; and,

L. For any such further relief as this Court deems equitable, just, and proper.

DEMAND FOR JURY TRIAL

Plaintiffs hereby demand a trial by jury for all appropriate issues on all claims and causes of action alleged in this Complaint.

ZIMMERMAN REED, LLP

Dated: November 8, 2018 By: ______________________

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Exhibit A

Hewlett Packard International Bank plc.

Remuneration Policy

Updated: June 2018

Hewlett Packard International Bank plc.

REMUNERATION POLICY

I. OVERVIEW OF POLICY / GUIDELINES

In accordance with Article 74 of Directive 2013/36/EU ("the Directive"), Hewlett-Packard International Bank plc. ("the Bank") is required to have in place a remuneration policy for all staff. In addition, it is noted that the European Banking Authority Guidelines on sound remuneration policies under Article 74(3) and 75(2) of the Directive and disclosures under Article 450 of Regulation (EU) No.575/2013 ("the Guidelines") takes effect from 1st January 2017 ("the Commencement Date").

This Policy for all staff is set out to be consistent with the objectives of the Bank's business and risk strategy, corporate culture and values, long-term interests of the Bank. It does not encourage conflicts of interest and/or excessive risk taking with the remuneration practices aligned with our risk appetite, taking into account all risks, including reputational risks and risks resulting from the mis-selling of products.

Included in this Policy are the following provisions;

a. the performance objectives for the Bank (which are approved by the Board on an annual basis) and staff (which are specifically set out on the HPE HR system, currently known as Workday);
b. the methods for the measurement of performance, including the performance criteria;
c. the structure of variable remuneration;
d. the ex ante and ex post risk-adjustment measures of the variable remuneration; and
e. the role of the Remuneration Committee of HPIB (if applicable)

ii. Overview of HPIB

The Central Bank of Ireland has placed various restrictions upon HPIB's banking license as its parent (HPE Group) is a non banking institution. These restrictions significantly negate the ability of HPIB to engage in risk taking activities associated with typical banking activities. These restrictions include prohibiting HPIB from taking deposits from the public which is a core element of traditional banking acitivy. Moreover, HPIB is restricted from expanding any of its business activities and shall not extend any credit to, provide any guarantees to or acquire any assets from affiliated companies without the prior approval of the Central Bank of Ireland.

HPIB is subject to higher Capital and solvency requirements with the requirement to maintain a minimum total capital ratio (the ratio of the credit institution's total own funds to risk weighted assets) of 21.875% (increasing to 22.5% by January 2019). This higher solvency requirement, coupled with the inability to raise deposits from the public limits any potential impact to the Irish banking system in the event of the failure of HPIB.

The various Schedules of Authorisation within the HPEFS group relevant to the Bank, including the Bank's Schedule of Authorisation, include a strict limit on the decision making powers of the Bannk's employees. In this regard, particular reference and attention was made to the term "material impact" in Regulation 80(2) of CRD IV.

It was also noted that the Management Risk Committee for HPEFS EMEA and the Bank have an approval limit of $10 million, above which the Directors of the Bank need to approve. In addition, the limits imposed on the Bank staff for Vendor Bills and other outgoings were reviewed and taken into account.

Based on the risk profile and appetite of the Bank, the fact that the remuneration of Identified Staff is dependent on the overall Hewlett-Packard Enterprise group results (where HPIB is responsible for less than 3% of the total revenue)/HPEFS results (where HPIB is responsible for approximately 30% of this revenue) it is considered appropriate that the minimum criteria set out in the Guidelines apply mindful that (i) the Bank is not a complex institution, limiting its business to the funding of IT equipment and other ancillary services, (ii) the group performance of Hewlett-Packard Enterprise Corporation is not overly influenced by the performance of the Bank taking into account the overall size of the Hewlett-Packard Enterprise group and (iii) the Bank structure is dependent on support from its non-financial parent companies. It is also noted that HPIB is not engaged in a high level of risk taking as evidenced by the Credit and Treasury Risk policy of the Bank. The scope, nature and complexity of the Bank business has been taken into account when formulating this Policy.

In this regard, the type of customers of the Bank (predominantly corporate), the stability and predictability of the business (financing of IT equipment) and the complexity of the products (leases, loans and assignment of receivables) have been carefully considered.

<u>iii. Governance</u>

The Bank Board of Directors is responsible for adopting and maintaining this Policy, and overseeing its implementation to ensure it is fully operating as intended and approves this Policy on an annual basis. In addition, any exceptions to the Policy must be agreed by at least one of the non-executive directors. This Policy also applies to any subsidiary of HPIB, where relevant.

This Policy is formulated in accordance with all specific and relevant sections of Hewlett-Packard Enterprise's policy with respect to remuneration insofar as they relate to the employees of HPIB provided that the Guidelines are complied with. In the event that there is a conflict between the Hewlett-Packard group policies and the HPIB policy, this Policy shall take priority.

It is noted that the Hewlett-Packard Enterprise Company ("HPE") group policies and charter (as set out in Annexes 1 to 5 respectively) (being (i) the HPE Global Base Pay Policy, (ii) HPE Global Short-term Incentives Policy, (iii) HPE Global Equity and Long-term Incentive Policy, (iv) HPE Financial Services HR & Compensation Committee Charter and (v) HPEFS Annual Incentive Compensation Plan (ICP)) form the basis of this Policy and apply to the Bank save as provided specifically herein. In this respect, the Bank Board of Directors are satisfied that there exists independent and appropriate control functions in setting these group policies at Group level and that this structure avoids potential conflicts of interest with no employee of HPIB having an influence in determining the relevant group policies.

In compliance with its duties, the Board shall consider input from the Risk and Compliance functions with respect to the setting of bonus pools, performance criteria and remuneration awards where those functions have particular concerns regarding the impact on staff behaviour and the riskiness of the business undertaken by the Bank. In addition, the Board shall determine and oversee the remuneration of the senior management team of the Bank as well as approve and review the remuneration of the Chief Risk Officer, the Head of Compliance and the Head of Internal Audit.

In approving this Policy, it is noted that the Board has taken into account input provided by (i) Human Resources which has been involved in the preparation and evaluation of this Policy to ensure that it is aligned with the risk profile of the Bank and (ii) where applicable the control functions. Furthermore, the risk management function will be involved in the provision of suitable risk-adjusted performance measures (including ex post adjustments), as well as in assessing how the variable remuneration structure affects the risk profile and culture of the Bank.

On the basis that this Policy is adopting the HPE and HPEFS Policies unless specifically noted herein, the Board is of the view that it is not necessary to obtain shareholder approval of this Policy. Noting that the Bank is part of the HPE group, the Board notes that the central and independent review of this policy shall be performed by the Human Resources department of HPE in accordance with Section 2.5 of the Guidelines and that the results will be made available to the Board on an annual basis.

In line with the EBA Guidelines, the Bank will disclose and make available to all members of the Board detailed information regarding their remuneration policies and practices for identified staff. By making this available, the Bank is being transparent in its approach and the principles and objectives of compensation incentives.

iv. Setting Up of Remuneration Committee

Taking into account the fact that HPIB is not considered a "significant" institution in accordance with Article 95(1) of the CRD, the Board is of the view that it is not necessary to set up a Renumeration Committee.

v. Proportionality

When formulating this Policy, the Board has taken the following matters into account;

a. the quantity of assets held by the Bank;
b. the geographical presence of the Bank and the cross-border model;
c. the equity base of the Bank;
d. the type of authorised activity and services provided by the Bank;
e. the underlying business strategy;
f. the structure of the business activities and the predictability of the risks of the business activities;
g. the funding structure of the institution;
h. the internal organisation of the institution, including the level of variable remuneration that can be paid to identified staff;
i. the structure of profits and losses of the institution;
j. the type of clients of the Bank (e.g. retail, corporate, small businesses, public entity);
k. the lack of complexity of the products or contracts.

Taking into account these factors, the Board is of the view that it is not necessary to implement more sophisticated risk measurement approaches than are applied in this Policy.

Noting the current leverage that the Bank avails from HPE and the HPEFS Business Unit to setting and applying the appropriate remuneration for Bank employees, it is viewed that it is not necessary to set up a Remuneration Committee for the Bank. It is noted that proportionality has been specifically excluded from the application of the variable and deferred remuneration requirements within the Guidelines.

vi. Staff impacted by Policy

All employees' remuneration identified either as (i) Executive members, (ii) Senior Management responsible for day-to-day management, (iii) Staff responsible for independent control functions, (iv) Other risk takers and (v) all other employees is covered by one of the

Hewlett-Packard policies already in place and listed in the Appendices to this document. It is recognised that the requirements as set out in Regulation 80(2) of CRD IV are duly met in this regard.

vii. Identified Staff

It is the responsibility of the Bank to identify the members of staff whose professional activities have a material impact on its risk profile. In this respect, the Bank shall conduct annually a self-assessment in order to identify all staff whose professional activities have or may have a material impact on the risk profile.

An exercise in identifying staff in accordance with the criteria provided in Commission Delegated Regulation (EU) No 604/2014 and additional internal criteria has been carried out with the relevant staff identified in Annex 6 to this Policy. It is noted that the identified staff primarily qualify under the the qualitative criteria. Notwithstanding this, the quantitative criteria will also be applied in accordance with Section 5 of the Guidelines to determine whether any additional staff would be in scope.

In carrying out the aforementioned assessment the following information is relevant;

a. the rationale underlying the self-assessment and the scope of its application;
b. the approach used to assess the risks emerging from the Bank's business strategy and activities;
c. (where relevant) how persons working in subsidiaries and branches, including such located in third countries, are assessed;
d. the role and responsibilities of the internal functions involved in the design, oversight, review and application of the self-assessment process; and
e. the identification outcome.

The Bank will keep records of the identification process noting how staff have been identified according to both the qualitative and quantitative criteria provided for in Commission Delegated Regulation (EU) No 604/2014 ("the Regulation"). These records will include the number of identified staff including the number of staff identified for the first time, the job responsibilities and activities, the allocation of the identified staff to business areas and a comparison with the results of the previous year's self-assessment.

No staff within the Bank has been identified as requiring notification and prior approval for exclusion in accordance with Article 4(2) of the Regulation.

As part of the governance process on identifying staff, the Board shall:

a. approve the identification process policy as noted above;
b. review and approve the design of the self-assessment;
c. ensure that the assessment for the identification of staff is properly made in accordance with the Directive, the Regulation and the Guidelines;
d. oversee the identification process on an ongoing basis;
e. approve any material exemptions from or changes to this Policy and carefully consider and monitor their effect;
f. (where relevant) approve or oversee any exclusion of staff in accordance with Article 4(2) of Commission Delegated Regulation (EU) No 604/2014 where the Bank deems that the qualitative criteria defined in Commission Delegated Regulation (EU) No 604/2014 are not met by the staff, as they in fact do not have a material impact on the institutions' risk profile;

The Board acknowledges that the CRO, the Head of Compliance, the Head of Legal and HR together with the Risk Committee and the Audit Committee shall be involved in the identification process in accordance with their respective role and also on an ongoing basis. The identification process and its result will also be subject to an independent internal review.

In relation to the Non-executive Directors, it is noted that the independent directors are compensated a fixed amount which is not correlated to any financial Bank metric (e.g. cash flow, net profit) and the other non-executives serve at the behest of the Hewlett-Packard Enterprise group without compensation.

viii. Capital Base

In setting this Policy, the Board has ensured that the award, pay out and vesting of variable remuneration, including the application of malus and clawback arrangements, is not detrimental to maintaining a sound capital base for the Bank. In this resepct, it is noted that HPIB's capital structure does not correlate to the level of fixed and variable remuneration paid to HPIB management or employees. Since its inception, HPIB has always reported a solvency ratio in excess of 55%. This is due to the tax operating model which HPE has chosen to implement for its Irish subsidiary. Should HPE decide to change this operating model then the HPIB Board of Directors will factor this into the annual assessment of the Policy. It is noted that the impact of variable remuneration - both upfront and deferred amounts – on the Bank's capital and liquidity is minimal and has little or no impact on the Bank's overall internal capital adequacy assessment process. It is noted that the variable remuneration for the entire Bank staff for FY'16 represents less than 0.1% of the HPIB capital. It is also acknowledged that variable remuneration will not be awarded or paid out when the effect would be that the capital base of the Bank would no longer be sound.

ix. Fixed and Variable Remuneration

The Board agrees that it is good practice to specifically identify what is fixed and what is variable remuneration.

Fixed remuneration by its nature is non-discretionary reflecting the level of professional experience and seniority of staff, is permanent (maintained over a period tied to the specific role and organisational responsibilities), is non-revocable, cannot be reduced, suspended or cancelled by the Bank without agreement with the relevant staff and does not depend on performance. Specific Fixed remuneration is identified and listed below. The Bank does not envisage the payment of less than 100% of the fixed component of remuneration in cash.

1. Salary: This is currently paid in cash and monthly in arrears after relevant taxes have been deducted.
2. Car Allowances: Amount fixed based on the level of seniority within the HPE structure. It is not limited to Identified Staff and has not been provided to the relevant personnel on the basis that they are Identified Staff.
3. Pension Contributions: These payments apply to all staff in the HPE group with the contribution provided by the Bank based on the percentage of base salary that the relevant employee is prepared to provide towards the relevant fund. There are a very small number of staff that are on a Defined Benefit scheme based on when they joined the group. It is no longer open to staff and is not provided to Identified Staff on that basis.
4. Health Insurance Contributions: The Bank (like the rest of the HPE group) provide basic Health Insurance to its staff who can in turn pay for better coverage should they so wish. This is open to all staff to avail of this facility.

In adherence with the EBA Guidelines, the Bank will disclose the different ratios between the variable and fixed remuneration components of total remuneration implemented on a consolidated basis with a breakdown between senior management and other identified staff in accordance with Article 96 of CRD IV. In addition, when providing quantitative information on remuneration as required by points (g) to (h) of Article 450(1) of Regulation (EU) 575/2013 and paragraph 2 of that Article, the Bank shall report the information separately for the management body in its management and supervisory function, the internal control functions and, where applicable, the corporate functions. This information should be broken down by senior management and other identified staff. Furthermore, it is noted that the aggregate figures on the total number of staff and their total remuneration shall be broken down into the fixed and variable remuneration components.

x. Variable Remuneration based on Future Performance

The current practice is not to provide variable remuneration based on future performance.

xi. Retention Bonus

In the limited circumstances where the Bank may provide a retention bonus to an employee of the Bank, the bonus will be based not on performance, but will be allowed where the staff member stays in the Bank employment for a predetermined period of time or until a certain event. Any retention bonuses will not be awarded to merely compensate for performance-related remuneration not paid due to insufficient performance or the institution's financial situation. In line with the Guidelines, the Bank will define the retention period as a specific period of time or by defining an event when the retention condition should be met and the relevant bonus will be awarded after the retention period ends or the retention condition is met.

xii. Discretionary Pension Benefits

The terms of the Bank's pension scheme include pension benefits that are not based on performance and which are consistently granted to a category of staff. Therefore, such pension benefits are not considered discretionary, but should be considered as part of routine employment packages. Pension Contributions are based on the base salary of the HPIB employee and applied strictly in accordance with the Pension Plans that apply to HPE Group employees. There is no facility for HPIB employees to receive discretionary pension benefits either during the term of their employment or upon them leaving HPIB and this is reflected in the relevant Trustee powers.

xiii. Guaranteed Variable Remuneration including Sign-On Bonus, Minimum Bonus and Guaranteed Bonus

In line with the type of business carried out by HPIB, the standard practice is that no sign-on bonus facility is provided to HPIB employees and that any such facility would be provided on an exceptional basis and only in the context of hiring new staff. In such exceptional event, the guaranteed variable remuneration shall not be for a period longer than one year from the start of the employment period. In addition, there is no scope to provide a guaranteed or minimum bonus in the employment contract of a HPIB employee.

xiv. Severance Pay

The Severance Policy of HPIB provides for compliance with the Irish employment legal requirements. There is no provision for a fixed or variable guaranteed amount to be paid where any employee of HPIB leaves voluntarily as no such facility is provided for in the relevant employment contract. In this regard, failure within HPIB is not rewarded, with no "golden parachute" in place.

In determining and approving severance pay, this role is carried out by the HR function of the Bank and HPE and in compliance with the HPE group policy which sets out the maximum severance pay that an employee of HPIB is entitled to. It is noted that the HPE group policy insofar as it is applicable to HPIB sets out a framework in which severance pay is determined and approved. Any severance payments are not intended to provide for a disproportionate reward, but for an appropriate compensation of the staff member in cases of early termination of the contract. Severance pay will not be awarded where there is an obvious failure which allows for the immediate cancellation of the contract or the dismissal of staff.

Where there has been a failure on the part of an identified staff, this will be assessed on a case-by-case basis but the following factors will be considered;

a. where a member of the Leadership team is no longer considered as meeting appropriate standards of fitness and propriety;
b. where the identified staff member participated in or is directly responsible for conduct which resulted in losses greater than $5 million by the Bank;
c. where an identified staff member acts contrary to internal rules, values or procedures based on intent or gross negligence.

In addition, severance pay will not be awarded where a staff member resigns voluntarily in order to take up a position in a different legal entity. Notwithstanding the above, it is accepted that severance payments may include redundancy remuneration for loss of office, and may be subject to a non-competition clause in the contract.

xv. Hedging

Noting the restriction in the Guidelines on hedging the downside risks of variable remuneration, it is a requirement on the part of identified staff to not use personal hedging strategies or insurance to undermine the risk alignment effects embedded in their respective remuneration arrangements. In order to maintain an effective structure to ensure compliance, the Bank shall seek a declaration of self-commitment by the identified staff member that he or she will refrain from concluding personal hedging strategies or insurances for the purpose of undermining the risk alignment effects is necessary. In addition, the Bank's HR function shall perform spot-check inspections of the compliance with this declaration.

xvi. Remuneration of the Board and Management

The remuneration of the members of the management body in its management function and the identified staff is consistent with its powers, tasks, expertise and responsibilities. In addition, save for the Managing Director of the Bank acting in his executive role, the members of the Board, where applicable, are compensated only with fixed remuneration. Incentive-based mechanisms based on the performance of the Bank are excluded.

xvii. Remuneration of Control Functions of the Bank

The Bank recognises that the internal control functions of the Bank should be independent and have sufficient resources, knowledge and experience to perform their tasks with regard to the Bank's remuneration policy. In addition, the Bank acknowledges that the remuneration of staff in the independent control functions allows the Bank to employ qualified and experienced personnel in these functions. The remuneration of independent control functions should be predominantly fixed, to reflect the nature of their responsibilities. In addition, the remuneration of the senior officers in the risk management and compliance functions is directly overseen by the Board/Remuneration Committee in compliance with Article 92(2)(f) of the Directive.

xviii. Remuneration policy for Identified Staff

For the Identified Staff, the HPEFS Annual Incentive Compensation Plan (ICP) (Annex 5) shall apply for the executive employees noting the provisions in Section xvi above with respect to the non-executives.

The HPE Global Base Pay Policy (Annex 1), the HPE Global Short-term Incentives Policy (Annex 2) and HPE Global Equity and Long-term Incentive Policy (Annex 3) shall apply for staff supporting Finance, Legal/Compliance, IT, Treasury and HR.

Under the ICP Scheme, the specific targets relating to Financing Volume, "Owned" Revenue and "Owned" Operating Profit are identified with specific reference to the agreed Strategy and targets of the Bank which are approved by the Board on an annual basis. The specific bonus targets of the relevant Identified Staff are assigned based on the job level of the relevant employee and are expressed as a percentage of the annual base salary. The terms of the ICP Scheme in Annex 5 set out the Year End Bonus Calculation noting the roles of the managers of the respective Identified Staff in determining the appropriate level of bonus to be paid.

It is noted that no shareholding requirement applies to any of the identified staff noting the role that the Bank plays within the HPE group. In addition, a fully flexible policy on variable remuneration for identified staff applies where the amount of variable remuneration awarded should appropriately react to changes of the performance of the staff member and the Bank. The applicable policies integrated into this Policy specify how the variable remuneration reacts to performance changes and the performance levels and provides instances where variable remuneration may decrease to zero. In addition, unethical or noncompliant behaviour with the Bank Standards of Business Conduct requirements will impact staff member's variable remuneration including identified staff.

When setting the fixed remuneration for Identified Staff, the Bank takes into account the level of education, the degree of seniority, the level of expertise and skills, the job experience, the relevant business activity and remuneration level of the Irish market. This remuneration is fixed at a sufficiently high level to ensure that any variable remuneration may be reduced to zero so that the identified staff is not dependent on the award of variable remuneration.

In adopting this Policy, the Bank has set the appropriate level of the maximum ratio between the variable and fixed components of total remuneration for all identified staff. This level takes into account the business activities, the risks and the impact that different categories of staff have on the risk profile. It is noted that the metrics in calculating variable remuneration are not limited to Revenue but cover a number of key and important components relating to the business of HPIB and Hewlett-Packard Enterprise group and therefore outside the control of any individual employee of HPIB. In addition, it is also noted that the possibility to pay no variable remuneration is applicable depending on the overall results of HPEFS and the HPE group respectively. The intent of the compensation plans is to ensure that there is sufficient incentivising to HPIB for safe and sound performance. Noting that all Identified staff that are entitled to variable remuneration are based in Ireland and the monoline nature of the business, the Bank takes the view that the applicable ratios applied are appropriate and takes into account the corporate and internal control functions and the different categories of Identified Staff. When calculating the maximum ratio, the Policy identifies the specific requirements under Section 13.2 of the Guidelines.

xix. Risk Alignment Process

The variable remuneration of Identified Staff is aligned to all risks and the performance of the Bank and the individual and is balanced to indicate the relevant importance of each goal. Noting that the primary products provided by the Bank involve medium terms of 3 to 5 years (with operating leases focused on 3 year terms), the Bank confirms that the setting of the accrual period (one year) and the pay out periods for deferred remuneration (pro-rata over 3 years) are at an appropriate length. It is noted that there is a clear differentiating between remuneration which should be paid upfront and remuneration that should be paid after deferral and (where applicable) retention periods.

The absolute performance measures are set on the basis of the Bank strategy which is approved by the Board annually and takes into account its risk profile and risk appetite. The relative performance measures specific to the Identified Staff involves the comparison of performance with peers within the HPE organisation. Identified Staff achievements during the relevant period will be measured against their specific objectives that are provided by the relevant line manager at the start of the applicable financial year. In addition to this, it is acknowledged that there is an element of judgment on the part of the relevant manager when measuring performance.

In carrying out a risk assessment, the objectives of the Bank are taken into account and are derived from its business and risk strategy, corporate values, risk appetite and long-term interests. In addition, the strong capital base as well as the liquidity of the Bank are factored into the assessment. In determining the material risks of the Bank, the same risk measurement methods as used for the Internal Capital Adequacy Assessment Process (ICAAP) are applied and its individual liquidity adequacy assessment (ILAAP). In determining, both quantitative and qualitative, including financial and non-financial, performance criteria for staff (including Identified Staff), the Bank shall not incentivise excessive risk taking or mis-selling with the appropriate balance between the two measurements being applied. The criteria used to measure risk and performance are to be linked as closely as possible to the decisions made by the Identified Staff with the award process having an appropriate impact on the relevant staff's behaviour. As a result of this, the performance criteria will include achievable objectives and measures on which the Identified Staff member has some direct influence. These objectives and measures are agreed at the start of the relevant financial year and recorded on the HR system used within the HPE group.

It is identified that operating efficiency indicators (e.g. productivity, costs and volume metrics) or some market criteria (e.g. share price and total shareholder's return) do not incorporate explicit risk adjustment and are very short-term and therefore not sufficient to capture all risks of the identified staff member's activities, while still forming a part of the risk assessment. Such performance criteria require additional risk adjustments. Noting that the leasing and loan portfolio of HPIB is responsible for operating profit and revenue over the period of the financial instrument, it is viewed that these metrics can be used in capturing the identified staff member's activities. In addition to these criteria, financial figures which relate to the budget of functions (e.g. for corporate function, including legal and human resources) or to their operational risk profile will also be factors.

In addition, the qualitative criteria relevant in determining the performance of Identified Staff shall include the achievement of strategic targets, customer satisfaction (through TCE or other customer survey/feedback), adherence to risk management policy, compliance with internal and external rules, leadership, team work, creativity, motivation and cooperation with internal control and corporate functions.

xx. Control Function Assessment

Noting the role of the control functions within the Bank, the criteria in providing variable remuneration shall be based on the specific objectives of the relevant control function. Notwithstanding this, it is noted that any control function variable remuneration will be based also on the performance of the Bank and HPE. The Bank has considered setting a significant lower ratio between the variable and the fixed components of remuneration for control functions compared to the business units they control but due the respective bonus targets and the monoline nature of the Bank's business, it is the view of the Board that this is not thought to be appropriate.

xxi. Records

The Bank will leverage off its parent HPE group in ensuring that records are maintained on how the bonus pool and the staff's remuneration were determined. In addition, any judgemental approach is required to be well documented and recorded on the relevant system.

xxiii. Payout Process for Variable Remuneration

It is noted that to ensure compliance with the EBA Guidelines, prior to the payment of any deferred cash or the vesting of the RSUs, a reassessment of the performance and, if necessary, an ex post risk adjustment should be applied to align variable remuneration to additional risks that have been identified or materialised after the initial award. In addition, the deferral schedule implemented by the Bank adequately aligns the remuneration of staff with the Bank's activities, business cycle and risk profile as well as the activities of the Identified Staff allowing an adjustment to variable remuneration for risk events that have arisen over time through ex post risk adjustments. Considering the monoline nature of the Bank's activities, it is considered appropriate that the deferral schedule where the cash and non-cash is paid out over a three year period may apply to all Identified Staff.

The Bank is aware that it is required to set in advance the maximum ratio between the variable and fixed components of total remuneration for identified staff and for the purposes of this policy, the limits set out in the ICP will apply noting the maximum limit of 200% in accordance with the Guidelines.

xxiii. Ex Ante Risk Adjustment

Once the bonus pool has been assessed and noting the ex ante adjustement embedded in this process, for Identified Staff, a further adjustment for risk shall be undertaken to determine that the variable remuneration is fully aligned with the risks taken over the relevant performance period.

In determining the risk adjusted performance criteria, the Bank shall used qualitative and quantitve indicators, largely relying on existing measures within the Bank that are used for other risk management purposes. These shall include capital ratio, liquidity coverage ratio, risk appetite adherence which includes risk and compliance limits. In particular, in the event that the Recovery Plan is enacted durng the relevant period, this impact will be factored into any bonus payment taking into account the respective roles of the relevant employee and the reason behind the activation of the Recovery Plan. Depending on the reason, it may be considered appropriate that no bonus is paid out.

xxiv. Deferred Remuneration

It is agreed that the first deferred portion should not vest sooner than 12 months after the start of the deferral period. This is in line with current HPE and HPEFS policy with the deferred remuneration spread out over several payments in the course of the deferral period on a pro-rata basis. In addition, vesting will not take place more frequently than on a yearly basis to ensure a proper assessment of risks before the application of ex post adjustments.

xxv. Retention of Shares

The retention period applied to RSUs paid as variable remuneration has been set at a period of 12 months with the view that this is an appropriate length in order to align incentives with the longer-term interests of the Bank.

xxvi. Malus and Clawback

Noting the requirements of Article 94(1)(n) of the Directive, the Bank will apply malus and clawback to 100% of the variable remuneration with any ex post risk adjustment being performance or risk related. On the basis of the products provided by the Bank, it is considered appropriate that the minimum period (being the deferral and retention period) apply, i.e. four years.

The specific criteria for malus and clawback shall include the following circumstances;

(i) Relevant employee participated in or was responsible for conduct which resulted in significant losses to the Bank;
(ii) Relevant employee failed to meet appropriate standards of fitness and propriety as defined in the Standard of Business Conduct;
(iii) A significant downturn in the Bank’s financial performance (e.g. specific business indicators like liquidity and capital ratios) occurs;

(iv) A significant failure of risk management occurs;
(v) A significant increase in the Bank's regulatory capital base occurs; and
(vi) Any regulatory sanctions imposed on the Bank where the conduct of the identified staff member contributed directly to the sanction.
(vii) The Recovery Plan of the Bank is implemented by the Bank where the conduct of the identified staff members contributed to this implementation.

The circumstances behind any risk adjustment event and the extent and impact of the issue arising will be assessed by the Board or a Committee to determine whether clawback is appropriate or required. This should include a determination as to whether Identified Staff had knowledge, control or oversight and whether there was a direct linkage between the action of the relevant Identified Staff and the outcome. The malus and clawback arrangements imposed by the Bank will cause a reduction of the variable remuneration where appropriate and no explicit ex post risk adjustment shall lead to an increase of the initially awarded variable remuneration or, where malus or clawback was already applied in the past, to an increase of the reduced variable remuneration.

When measuring the profitability of the institution and its business units, the measurement should be based on the net revenue where all direct and indirect costs related to the activity are included. Institutions should not exclude costs of corporate functions, e.g. IT costs, group overheads or discontinued businesses.

xxvii. Pay Out Process For Variable Remuneration

Before paying out the deferred part of cash or the vesting of deferred instruments, a reassessment of the performance and, if necessary, an ex post risk adjustment should be applied to align variable remuneration to additional risks that have been identified or materialised after the award. In the event that an interim variable award has been approved by the Board to be paid, this will be conditional upon a full recalibration at the end of the entire performance period in order to ensure compliance with this Policy. In this regard, noting the products provided by the Bank, the HPE deferral schedule of 3 years is appropriate to align with the business cycle and risk profile of the Bank, noting that adjustments can be made for additional risks identified after the initial award. It is also noted that due to the monoline nature of the business provided by the Bank, there is no benefit in varying the deferral schedule between the Identified Staff and that the HPE deferral schedule will apply to all. In reaching this view, the Bank has considered a longer retention period and does not believe it appropriate or necessary.

In compliance with the minimum requirements under Article 94(1)(m) of Directive 2013/36/EU, at least 40% of the total variable remuneration shall be deferred over the minimum period of 3 years and the total variable remuneration shall comprise a maximum of 50% in cash and a minimum of 50% in non-cash instruments. In addition, a minimum 50% of any variable remuneration in instruments should be applied equally to the non-deferred and the deferred part and both parts should consist of a balance of instruments.

The Restricted Stock Units that are applied as non-cash instruments are based on the market price of HPE shares which is a listed company. In addition, upon vesting, it entitles the holder of the RSU to the equivalent shares of HPE rather than share-based instruments. In the circumstances, it is the view of the Bank that the RSUs issued by HPE are suitable instruments to be used in the award of variable remuneration.

In accordance with the Guidelines, it is noted that the Bank is required to identify a particularly high level of variable remuneration whereby the 60% deferral requirement will apply. In this regard, the Bank will take into account the average remuneration paid within the Bank, the EBA remuneration benchmarking report and any specific threshold set by the Central Bank of Ireland and on that basis, considers €1 million to be an appropriate high level. In addition, it is confirmed that the HPE policy ensures that the deferred remuneration should be spread out over several payments in the course of the deferral period and will vest pro rata meaning that at the end of years n+1, n+2 and n+3, one third of the deferred remuneration vests, with n being the moment at which the upfront part of awarded variable remuneration is paid. Vesting should not take place more frequently than on a yearly basis to ensure a proper assessment of risks before the application of ex post adjustments.

It is acknowledged that no interest or dividend on instruments which have been awarded as variable remuneration under deferral arrangements to identified staff shall vest to the identified staff and that any such payments should be treated as received and owned by the Bank.

xxviii. Performance Objectives of the Bank and staff for FY'18

The Strategy of the Bank is approved by the Board on an annual basis. For FY'18, the Strategy is detailed in Annex 7 of this Policy noting the main points being;

(a) Maximising Profit Drivers by growing Hewlett Packard Enterprise and HP attach for core business, targeting proactive use of Asset Management to drive profitability and execute on Segment strategy.
(b) Expand High Value Relationships by creating replicable model and build capacity to support vendors, support HP by accelerating Device as a Service and A3, support Hewlett Packard Enterprise with increased focus on Aruba and Internet of Things and ensure appropriate governance in place with the Enterprise Services Group after the forthcoming spin-off.

(c) Scale new solutions to include the utilization of Asset Management to drive growth and innovation, the targeting of Service Providers and leveraging market-leadership in IT Consumption.

The Financial Goals for the Bank are also set out in Annex 7.

xxix. Review of Remuneration Policy

As the control of the HPE Remuneration Policies rests with officers of Hewlett-Packard employed outside the Bank, any review that is carried out is done through the appropriate supervisory channels and carried out at least on an annual basis. Notwithstanding this, the Bank's remuneration policy is also reviewed by Compliance on an annual basis and by Internal Audit as part of its program of audit reviews.

The Board of the Bank carries out an annual review and approval of the Policy.

Annex 1

HPE Global Base Pay Policy

Organization: Human Resources	**Policy Number:** HP052-03
Effective Date: 1 November 2017	**Revision Date:**
Expiration Date: N/A	**Support:** Contact HR

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Philosophy

As one part Total Rewards @HPE, HPE provides base pay intended to attract and retain a competitive workforce. HPE uses data from relevant markets to construct competitive salary ranges. Increases in base pay are driven primarily through an annual performance and Focal Point Review process. Generally, an employee may not receive an increase that would result in the employee's salary being above the maximum of the range. Increases are funded based on business performance, affordability, and/or investment trade-offs within the Total Rewards program. In addition to the above, adjustments in base pay are influenced by individual performance relative to peers.

Scope

This policy applies to all regular HPE employees worldwide with the exception of Section 16 Officers. This policy also applies to temporary employees where mandated by local legislation. In cases where there may be a conflict between local law and HPE Base Pay policy, local legislation supersedes HPE policy.

Policy

1.0 Competitive Positioning

HPE annually reviews the market competitiveness of our Total Rewards programs, with base pay being one element. HPE defines peer groups of companies, obtains and analyzes market data from compensation surveys, and implements appropriate pay grade and/or salary structure adjustments within each country. Broader peer groups may be utilized to better represent the local competitive market when the defined peer group data is unavailable or unreliable.

2.0 Salary Ranges

Salary ranges are assigned to each position in each country to define a range of pay which is appropriate and market competitive.

3.0 Focal Point Review Increases

Managers are responsible for conducting annual performance and base pay reviews as part of the Focal Point Review process. Increases are based upon manager recommendations utilizing individual performance relative to peers and contribution. An employee with a "DN" rating or whose salary is over pay range maximum is not eligible for a Focal Point Review Increase except as mandated by local law. The Focal Point Review Increase program is subject to HPE's Total Rewards annual budget review and business affordability.

4.0 New Hire Merit Increase Program

Regular new hire employees who started on or after May 1st, 2014 in professional management levels, Specialist and below, including Support roles, are eligible to participate in two increase programs during the first 15 months with HPE; the company's annual Focal Point Review increase program and New Hire Merit increase program with increases effective in August. Funding and eligibility rules for the New Hire Merit and Focal Point Review increase programs are generally the same and subject to HPE Total Rewards annual budget review and business affordability.

5.0 Other Base Pay Changes (Off-cycle Salary Adjustments)

Base pay changes that occur outside of Focal Point Review and New Hire Merit Increase are known as off-cycle salary adjustments.

HPE businesses may apply discretion and grant off-cycle salary adjustments within the Total Cost of Workforce (TCoW) goals. Businesses will determine and communicate their approval path to ensure alignment with TCoW targets.

Before submitting any off-cycle increase or decrease, managers should consult their human resources and/or compensation contacts to discuss business-specific guidance, considerations and management approval. Total Rewards at HPE provides additional details, guidelines and country-specific requirements.

5.1 Off-Cycle Increases

Promotion: The manager should assess the position of salary on the new pay grade and adjust if appropriate in accordance with business specific guidance for promotional increases.

In general, salary increases will become effective at the next pay cycle after approval. Note: the definition of promotion can be found in the

Movement from a Sales to a non-Sales position or vice versa: The manager should assess the position of salary on the new pay grade and adjust if appropriate in accordance with Sales Conversion guidelines, available on the Base Pay Homepage under Resources..

A job architecture realignment which results in the job being positioned on a higher pay grade or job level: The manager should assess the position of salary on the new pay grade and adjust if appropriate in accordance with business specific off cycle salary adjustment guidelines.

Year-round interns who have advanced to the next level in school: Increases should follow practices for the intern program.

Retention offer for a high-performing, critical skill employee: The manager should obtain the verifiable external offer if possible, assess the employee's current position on the pay grade, the terms of the external offer being received, and the appropriateness of change relative to those in current job classification. Retention increases may also be deemed necessary in other situations where an external offer is not presented.

Employees who secure a position after being placed in the Work Force Reduction program: If the employee was not considered for a Focal Point Review pay increase, the manager should assess the position of salary on the pay grade and appropriateness of a base pay increase relative to those in new job classification.

Moving to a higher cost of labor area, country or Salary Administration Plan (SAP) within a country: If an increase is appropriate, the salary should be increased to place the employee's new salary at approximately the same relationship to the pay grade midpoint as before the change. The increase should become effective at start of employment in new location.

Other Off-Cycle Increases: Off-cycle increases may occur for other reasons not otherwise covered. Increases must follow business-specific approval process and be within the TCoW goals.

5.2 Off-cycle Decreases

Demotion: The manager should assess the position of salary on the new pay grade and adjust if appropriate where allowed by local law. Salary should be in line with those in new job classification and not be over maximum of the new pay grade. All exceptions MUST be approved in advance by the Business/Global Function HR VP (*see note*).

Salary reductions in general will become effective at the next pay cycle after approval; however timing is dependent on any required notification period.

Movement from a Sales to a non-Sales position or vice versa: The manager should assess the position of salary on the new pay grade and adjust if appropriate where allowed by local law in accordance with Sales Conversion Guidelines available on the Base Pay homepage under Resources.

A job architecture realignment which results in the job being positioned on a lower pay grade or job level: The manager should assess the position of salary on the new pay grade and adjust if appropriate where allowed by local law. Salary should not be over maximum of the new pay grade and in line with those in new job classification.

Salary is currently above pay grade maximum: If the salary exceeds maximum as a result of pay grade change from HPE's annual market competitiveness review process, the salary should be reduced to pay grade maximum where allowed by local law. In instances where a salary reduction is not allowed, the salary should be frozen. If the salary exceeds maximum for any other reason not already covered by this policy, the salary should be reduced to pay grade maximum where allowed by local law.

Moving to a lower cost of labor area, country or Salary Administration Plan (SAP) within a country: Unless extenuating circumstances deem a decrease is not appropriate pay should be decreased, where allowed by local law, to place the employee's new salary at approximately the same relationship to the pay grade midpoint as before the change. The decrease should become effective at start of employment in new location.

DN Rated Employee: The manager may assess the position of the employee's salary on the pay grade and adjust as appropriate where allowed by local law. The employee's salary should be appropriate compared to those in similar job classifications who are meeting performance expectations.

Note: *Before initiating any base pay decreases, the manager must follow the practices of the country in which the employee works and comply with local legal requirements; details can be found in Total Rewards @HPE. Exceptions to base pay reductions require Business VP HR review and approval.*

6.0 Payroll International Transfers

In situations involving an employee permanently transferring from one country to another, the manager should consult with the human resources and/or compensation contacts to determine the appropriate salary and total rewards. The employee's new salary should be appropriate for the position in the new country and should take into consideration the new salary range, the employee's skills, experience, and performance and those in current job classification. It is not appropriate to simply convert currency from the employee's departing country salary to destination country salary.

7.0 New Hire Base Pay

New hires should be brought into the company within the established salary range for a given job. Hiring managers should consult with their assigned recruiters to determine appropriate base pay offers.

8.0 Interns and Co-op Salaries

Intern salary guidelines are established at the country level annually and are based on competitive survey data. Intern salary guidelines are typically based on such factors as field of study, years of completed schoolwork, previous related work experience, and in some cases, the geographic location of the work to be performed. Managers should use discretion within the salary guidelines to compensate interns and co-ops.

9.0 External Market Study/Compensation Consultants

The services of external special-project market study consultants are intended to supplement HPE's approved, regionally-administered compensation survey efforts. These should be considered only in special situations that require data beyond what is supplied by the approved surveys. Such studies will be paid for and managed by the Business Unit requiring them with accountability for fees and policy compliance of third parties, approved in advance by the Global Rewards VP and the results shared between HPE's business, global, and geographic compensation departments, regardless of the paying unit.

HPE will enlist the services of only those consultants that comply with all legal and fair compensation practices requirements. Further, such consultants are expected to sign confidentiality agreements with HPE and are precluded from using HPE data either individually or in aggregate summary form without the prior written consent of HPE. All such studies will comply with HPE Data Privacy Policy.

To ensure consistency, all compensation consulting engagements will be coordinated through the Total Rewards department.

The Total Rewards VP is responsible for ensuring that fees and procedures for any services requested of a consultant meet the company's stipulations.

Annex 2

HPE Global Short-term Incentives Policy

Organization: Human Resources	**Policy Number:** HPE052-09
Effective Date: 01-Nov-2017	**Revision Date:**
Expiration Date: N/A	**Support:** Contact HR

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Philosophy

As one part of HPE's Total Rewards program, HPE uses short-term incentive programs to reward strong and consistent company and individual performance. Employees may participate in only one short-term incentive program.

Scope

This policy applies to all HPE employees.

Policy

Introduction

Short-term incentive programs are based on a pay-for-performance philosophy. Funds available for Short-term incentive programs are determined by business performance, affordability and leadership discretion. HPE is generally expected to achieve minimum performance goals in a given period to generate funding for its short-term incentive programs.

1.0 Competitive Positioning

HPE uses global market data from a blend of peer competitor companies to construct its Short-term incentive programs. Short-term incentive programs balance market practice, the competitive position of our Total Rewards program, and affordability, and are annually reviewed and approved by the CEO.

2.0 Non-Executive Non-Sales Employees

All full-time and part-time employees of HPE and its designated affiliates are eligible to be considered for a bonus. Bonuses are discretionary and can be differentiated by business, job function, job level, and individual performance. Programs are standardized and world wide. For eligibility and further information, refer to the Variable Performance Bonus (VPB) program. (https://content.int.hpe.com/sites/STI/Home.page)

3.0 Executive Non-Sales Employees

Participation in executive Short-term incentive programs is based on level of responsibility and HPE job grade. As level of responsibility in the organization increases, the portion of total compensation that is variable increases as well. Executive Short-term incentive programs emphasize each individual's responsibility for high achievement and provide a strong link between pay and performance at both a company and individual level. Performance can be measured through financial, customer, and other operational metrics. For further information, refer to the Pay for Results (PfR) program* (https://content.int.hpe.com/sites/STI/Home.page)

4.0 Non-Standard Programs

Non-standard Short-term incentive programs are used on a limited basis with appropriate Total Rewards approval and only where business requirements and the need to maintain market competitiveness warrant them. All non-standard programs will be reviewed and approved prior to adoption and annually. Review will include an evaluation of the program's return to the business. Eligibility for these programs is on a selective basis, and precludes participation in any other Short-term incentive programs unless required by law. Plan design will align with HPE's Short-term incentive philosophy, framework and guidelines, and other Short-term incentive plans. An appropriate governing body will define performance goals and metrics at the beginning of the performance period. Metrics will be measurable and auditable, have appropriate gates/payment restrictions, and provide linkage to company goals and key business objectives. Plan payouts will be commensurate with performance level. All exceptions must receive prior approval from the Total Rewards,and under certain circumstances the HR Committee of the Board of Directors.

5.0 Transition via Acquisition or Merger

Employees joining through acquisition or merger will transition to HPE's Short-term incentive programs as soon as is practicable. In certain acquisitions where it is advantageous for HPE to maintain separate legal plans, it may be necessary to continue with the acquired company's Short-term incentive programs for a period of time. If the legal entity structure is more permanent, then the transition time period is not required.

*Excerpt from variable pay programs:

Annual Variable Performance Bonus Process

STEP 1: DETERMINE HPE's PERFORMANCE
Overall plan funding is determined by HPE revenue and net profit results at the end of each fiscal year. HPE net profit must meet a minimum level of performance before the plan can fund.

STEP 2: ALLOCATE FUNDING `
If the plan funds, each business or global function receives an allocation from the funding pool based on their results.

STEP 3: DECIDE BONUS BUDGET AND DISTRIBUTION
Based on the allocation received, leaders determine bonus budgets for their respective organizations. Managers decide how they distribute their budgets amongst the people they manage according to individual performance, job level and job role guidelines.

STEP 4: BONUSES PAID
If you are recommended to receive a bonus, your manager will let you know during your annual Focal Point Review discussion. Bonus recommendations are approved and communicated as a percentage (%) of eligible earnings (as defined in Appendix C), and paid in local currency as soon as administratively possible following the end of the bonus planning period.

Annual Pay for Results (PfR) Bonus Process

STEP 1: DETERMINE HPE's PERFORMANCE
Overall funding is determined by HPE revenue and net profit results. HPE net profit must meet a minimum level of performance before the plan can fund.

STEP 2: ALLOCATE FUNDING `
If the plan funds, each business/global function receives an allocation from the funding pool based on their results.

STEP 3: DECIDE BONUS BUDGET
Your bonus target for the fiscal year is expressed as a % of salary based on your position's level of responsibility, position's pay grade. Your manager has the discretion, within guidelines, to determine your actual bonus award based on business, organizational and individual performance.

STEP 4: BONUSES PAID
If you are recommended to receive a bonus, your manager will let you know during your annual Focal Point Review discussion. Bonus recommendations are approved and communicated as a percentage (%) of eligible earnings, and paid in local currency as soon as administratively possible following the end of the bonus planning period.

Annex 3

HPE Global Equity and Long-term Incentive Policy

Organization: Human Resources	**Policy Number:** HPE052-08
Effective Date: 01-Nove-2017	**Revision Date:**
Expiration Date:	**Support:** Contact HR

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Philosophy

As one part of Total Rewards program, HPE provides long-term incentive compensation intended to attract and retain a talented workforce. The purpose of HPE's long-term incentive programs is to strengthen employee's alignment to company goals and encourage their focus on creating long-term value for shareowners. Rewards are linked to an employee's contribution to the company and are intended to encourage employee ownership.

HPE uses market data, from a blend of high-technology and general industry companies, to construct competitive long-term incentive programs.

Scope

This policy applies to all HPE employees. Not all long-term incentive programs are offered in every country due to local rules and regulations.

Policy

1.0 Competitive Positioning

HPE conducts long-term incentive surveys which consist of data collected from a combination of high tech and general industry companies to determine the competitive position. HPE's actions in response to its competitive positioning also takes into account shareowner's dilution and affordability to the company, and is annually reviewed and approved by the HR & Compensation Committee (HRC) of the Board of Directors.

2.0 Long-term Incentives

HPE's long term incentives are designed to encourage the creation of long-term value for shareowners, strengthen employee's alignment to company goals and encourage employee ownership. HPE's long term incentives consist of time-vested stock options, performance-contingent stock options, restricted stock, restricted stock units, performance based restricted stock units and stock appreciation rights. HPE may also offer cash-based long-term incentive programs from time to time. HPE uses some or all of these vehicles in any given year depending on business conditions, competitive practices and global labor supply. These vehicles typically require an employee to perform for one or more years before they earn the right to the award, and in certain cases require performance thresholds to be met in order to earn the award.

Local customization (typically within a country) is only permitted where required by local rules and/or regulations, or where the need for customization is compelling and only it is approved by the leader of Total Rewards.

2.1 Eligibility

Employees are eligible to receive long-term incentive awards, consistent with company objectives, competitive practice and affordability. Guidelines are developed annually with regard to participation rates and grant amounts to allow managers to recognize significant differences in sustained employee performance. Grant guidelines also provide managers the opportunity to deliver above market option grants to top performers. The actual grant amounts are also influenced by the overall performance of HPE as a company, individual business groups, and/or global functions.

2.2 In-hire

HPE’s policy regarding in-hire grants is evolving such that strategic new hires should receive long-term incentives. However, not all in-hires receive an equity award and it is generally determined by the employee's level in the organization and the criticality of his/her skill set. In-hire grants for VP’s and above require prior approval by Executive Compensation, while in-hire grants for Directors and below require prior approval by Global Rewards Long-term Incentives team or its delegate. All in-hire grants are subject to approval. Most in-hire long-term incentive will be approved by the Plan Committee, while some in-hire equity awards will still need to be approved by the HRC. Any grant recommendation denominated in USD for approval by the Human Resources and Compensation Committee (or its delegate), will be converted into the number of shares or units using the closing price on the date of grant and the bank rounding methodology (round down to the next whole share if less than 0.5, round up to the next whole share if 0.5 or greater). Once the grant is approved and the USD value is converted, the grant and the number of shares underlying the grant will be communicated to the employee.

2.3 Treatment of Equity upon Termination

The treatment of equity is dependent on the type of termination and is governed by individual grant agreements, plan documents and Board resolutions. The provisions are reviewed and determined annually or biennially by the HRC. For more information, refer to the Long-term Incentives website.

3.0 Employee Stock Purchase Plan

HPE offers employees the opportunity to share in the value they create and encourages employee ownership through broad based stock purchase plans by providing incentives, such as allowing an outright discount and/or matching a percentage of the shares purchased. For more information, refer to the Employee Stock Purchase Plan website.

3.1 Eligibility

All employees are eligible to participate except where business requirements, local rules or regulations prohibit the offering of these types of plans.

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HPE financial Services HR & Compensation Committee Charter

I. Purpose

The purpose of the HR and Compensation Committee (the "Committee") of the Board of Governors (the "Board") of Hewlett-Packard Financial Services Company ("HPFS") is:

1. To discharge the responsibilities of the Board relating to compensation of HPFS' executives and other employees;

2. To provide general oversight of HPFS' compensation structure and plans;

3. To review and provide guidance of HPFS' HR programs and initiatives; and

4. To perform such other duties and responsibilities as are enumerated in and consistent with this charter.

II. Membership

1. Membership and Appointment. The Committee will consist of four directors, or such greater number of directors as the Board appoints.

2. Qualifications; Independence. Each director on the Committee will have such qualifications as the Board determines.

3. Removal. The entire Committee or any individual director on the Committee may be removed with or without cause by the affirmative vote of a majority of the Board.

4. Chairman. The Board may designate a Chairman of the Committee (the "Chairman"). In the absence of such designation, the Committee may designate the Chairman by majority vote of the Committee. From time to time the Chairman may establish such other rules as are necessary and proper for the conduct of the business of the Committee.

III. Procedures

1. Number of Meetings. The Committee will convene at least two times each year, with additional meetings as appropriate.

2. Agenda. The Chairman will establish the agenda, with input from management, staff and other directors on the Committee and the Board as appropriate.

3. Executive Sessions. As appropriate, the Committee may meet in executive sessions.

5. Authority to Retain Advisors. In the course of its duties, the Committee will have sole authority, at HPFS' expense, to engage and terminate outside compensation consultants, counsel, and other experts and advisors as the Committee deems advisable, with respect to the evaluation of director, Chief Executive Officer ("CEO") or executive compensation or other matters, including the sole authority to approve the consultant or advisor's fees and other retention terms.

6. Charter Review. The Committee annually will review and reassess the adequacy of this charter and will submit any recommended changes to the charter to the Board for approval.

7. Performance Review. The Committee annually will undertake an evaluation assessing its performance with respect to its purposes and its duties and tasks set forth in this charter, and will report the results of such evaluation to the Board.

8. Reporting to the Board. The Committee will report regularly to the Board will respect to the Committee's activities. As a matter of practice, the Committee expects to discuss with the Board significant matters, such as material changes to HPFS compensation and severance plans and arrangements, and other significant matters.

IV. Responsibilities

The following responsibilities of the Committee are set forth as a guide to the Committee with the understanding that the Committee may alter or supplement them as appropriate under the circumstances to the extent permitted by applicable laws.

1. Evaluation Human Resources and Compensation Strategies. The Committee will oversee and evaluate HPFS' overall human resources and compensation structure, policies and programs, and assess whether these establish appropriate incentives and leadership development opportunities for management and other employees.

2. Oversee Executive Succession Planning and Leadership Development. The Committee will review senior management selection and oversee executive succession planning. As part of this process, the Committee will review the leadership development process for senior management positions. The Committee also will review compensation, incentive and other programs to promote such development.

3. Oversight of Incentive Compensation Plans. The Committee will supervise and administer HPFS' incentive compensation plans and may approve, amend, modify, interpret or ratify the terms of, or terminate, any such plan subject to obtaining appropriate approvals of Hewlett-Packard Company; make recommendations to the Board with respect to incentive compensation plans; and delegate certain of such functions to the extent set forth herein.

4. Monitor Workforce Management Programs. The Committee will monitor the effectiveness of workforce management programs that are global in scope, including global restructuring programs. The Committee also will periodically review reports in order to monitor workforce diversity and equal employment opportunity issues.

Approval Process

Formal approval of bonus by 4 of the HR & Compensation Committee Board

A Unanimous Written Consent ("UWC") of the HPEFS HR & Compensation Committee is required to approve the Company's ICP funding factors. Annual metrics are presented

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November 1, 2017

HPE Financial Services (HPEFS)

HPEFS Annual Incentive Compensation Plan (ICP)

PLAN DESCRIPTION AND GUIDELINES

Plan Purpose and Objectives

The HPEFS Incentive Compensation Plan (“ICP” or “Plan”) is intended to align the behaviors and results of eligible participants to financial metrics which are specific to HPEFS. The plan objectives are to reward eligible participants with competitive levels of variable compensation commensurate with the achievement of quarterly and annual HPEFS financial objectives.

Plan Eligibility

Eligible jobs are those non-sales roles that are primarily engaged in the support and delivery of HPEFS services, support and business development activities.

Employees in functional roles directly supporting HPEFS (Finance, IT, HR & Legal) are not part of this plan as they participate in the relevant HPE variable compensation plan (PfR or VPB). However, the employees in functional roles are eligible to receive additional funding at the discretion of the HPEFS President, CEO, and in conjunction with the Horizontal Managers approval.
Plan participants will fall into the following methodology.

Bonus Funding Methodology

HPEFS ICP Participants

Three weighted HPEFS financial metrics determine funding:

ICP Funding Metrics	Weight
Equipment Financing Volume	33.3 %
HPEFS “Owned” Revenue	33.3%
HPEFS “Owned” Operating Profit	33.3%

For HPEFS ICP Participants, the metrics are examined on an annual basis. Participants are eligible for annual incentive payments.

Funding Threshold and Maximum FY18

While each metric is measured independently, funding is based on overall performance. For all incentive plan metrics combined, a minimum of 90.0% of target performance (the Threshold) must be achieved for the Plan to fund. Maximum funding under the Plan is 200% of target, which is achieved at 135.0% of target. The table below summarizes the ICP funding schedule.

Performance Result	Bonus Funding Percentage
135.0%	200.0%
130.0%	185.7%
120.0%	157.1%
110.0%	128.6%
100.4%	101.2%
100.0%	100.0%
95.0%	85.0%
90.0%	70.00%
Below 90.0%	0.00%

Funding for any level of performance between 90.0% and 135.0% will be interpolated on a linear basis between the foregoing bonus funding percentages.

Bonus Targets

Each participant will be assigned a bonus target percent based on his/her job level for non-Executive employees, and based on salary grade for Executive employees. The bonus target is expressed as a percentage of annual base salary. A participant's annual cash bonus opportunity at target (or bonus target amount) will be determined by applying the bonus target percentage to the participant's eligible earnings for the current Plan Year (fiscal year).

Year-End Bonus Calculation

Upon the completion of the fiscal year, annual financial performance results will be measured against the ICP metrics. Depending on plan performance, a bonus pool will be calculated.   The HPEFS ICP bonus pool is calculated as follows: An organization's bonus pool will be the sum of all the organization's participants' funded bonus amounts, or the sum of each participant's bonus target amount multiplied by the bonus funding percentage. The total HPEFS ICP bonus pool cannot be exceeded. Managers review each participant's performance during the Plan Year against organization and individual goals. Managers then determine each participant's actual bonus amount using guidance from the individual performance factors indicated in the table below.   The amount of adjustment is influenced by a participant's performance rating.

Rating Category	Individual Factor Guidance
Accelerating	0-200%
Driving	0-135%
Stalled (exception basis)	0-50%

Bonuses can range from 0 to three times (3X) the bonus target. Management may also exercise discretion to set a Company Factor at a percentage lower than the overall bonus funding percentage. This step allows a portion of the overall funded pool to be directed to high performing participants rated Accelerating.

For example, assume a participant has eligible earnings of 40,000€ and a bonus target of 10 percent. Also assume all metrics have been achieved such that overall corporate funding is 125 percent of target. The participant's manager would have the flexibility to adjust the bonus amount of 5,000€ based on the participant's performance rating, resulting in a potential bonus opportunity that can range from 0€ to 12,000€. See the calculation of this participant's annual bonus opportunity in the chart below.

Eligible Earnings		Bonus %		Bonus Target		Company Factor		Individual Factor		Funded Bonus	Actual Bonus Range		
40,000€	x	10%	=	4,000 €	x	125%	x	100%	=	5,000€	0 €	to	12,000 €

Year-End Organizational Bonus Allocation Process

The following steps summarize the year-end calculation and payment process:

1. The HPEFS Board of Governors ("BOG") certifies the Fiscal year equipment financing volume, HPEFS owned revenue, and HPEFS owned operating profit results.

2. HPEFS Total Rewards and HPE Total Rewards will use the performance data to determine an overall funded bonus pool. The sum of the funded bonus amounts for all participants will determine each organization's funded bonus pool.

3. Managers will receive a list of all eligible participants in their organization along with the calculated funded bonus amount. Managers are then responsible for reviewing the list and assigning a recommended bonus for each by adjusting the funded bonus amount (as previously outlined) to further reflect individual performance based on the manager's assessment of the participant's performance against his/her individual goals.

4. Managers will review their bonus recommendations and make any additional adjustments necessary to ensure the aggregate amounts do not exceed the organization's funded bonus pool.

5. Each manager's list of bonus recommendations requires approval by the appropriate HPEFS Senior Executive, ensuring the aggregate amounts do not exceed the funded bonus pool for the combined organization.

6. Once approved, the final list of recommendations is returned to HPEFS TR to facilitate payments. All payments under the Plan are expected to be paid on or before 31 January of the following fiscal year.

NOTE : All bonuses are rounded to the nearest unit of currency (dollars, euros, yen, etc.) using standard rounding techniques.

Plan Administrative Details

Global Application

The Plan is intended to be applied globally, unless contrary to applicable local law.

Plan Effective Date and Plan Year

This Plan is effective from 1 November through 31 October of the current Fiscal Year.

New Hires, Partial Year Participation in the Plan and HPEFS Position Changes

Individuals assigned to an eligible HPEFS position after the start of the Plan Year may be eligible to receive a prorated bonus amount, based on the number of months they would be eligible for any bonus payment under the Plan (see Eligibility for Payment below). An individual who becomes an ICP participant at any point during a given month (Effective Date) will receive credit from the effective HPEFS hire date for purposes of calculating his/her funded bonus amount. If a participant's HPEFS position change results in a change in bonus target during the Plan Year, the funded bonus amount he/she is eligible to receive, if any, will be the sum of the funded prorated bonus amounts attributable to each bonus target, based on the number of months the participant was assigned to each respective HPEFS position/bonus target. Bonus targets, for purposes of calculating prorated bonus amounts, will be based on the HPEFS position with corresponding bonus target assigned to the individual on the last day of the month, i.e. change during the month from 10% to 15% and participant's percentage at month end is 15% that would apply to the entire month. Participants who become ineligible to participate in the Plan as a result of being removed from an eligible HPEFS position or switches to a different HPE approved bonus Plan during the Plan year may be eligible to receive a prorated bonus amount, based on the time they were eligible for any bonus payment under the Plan. Bonus targets, for purposes of calculating prorated bonus amounts, will be based on the last bonus target assigned to the individual at the time the employee was removed from the eligible position.

Certification of Financial Results

For purposes of this Plan, final equipment financing volume, HPEFS owned revenue and HPEFS owned operating profit results must be approved by the HPEFS BOG and may be adjusted, upward or downward, to reflect the impact of certain changes to HPEFS' operating structure or other such extraordinary events determined at the sole discretion of the BOG. Additionally, performance targets approved by the HPEFS BOG at the beginning of the Plan Year cannot be changed during the Plan Year.

Eligibility for Payment

To be eligible to participate in the Bonus Plan a participant must be an active employee on HPEFS/HPE's or its Affiliate's payroll on the last day of each applicable Performance Period. Participants who retire are eligible for a payout on a Pro-Rata basis.

Employees covered by the workforce reduction (WFR) are eligible to participate in the Plan only if their termination date is within the fourth quarter of the Fiscal year

Leave of Absence ("LOA")

If a participant goes on a LOA at any time during the Plan year, the participant may remain eligible for a payment under the terms of this Plan, determined at the sole discretion of HPEFS senior management (as permitted by applicable law), including and without limiting HPEFS' discretion to determine the amount of payment to be made, if any.

Death

In the event of death, any funded bonus amount that the participant was eligible to receive may, at the discretion of HPEFS, be paid out to the participant's estate as soon as practicable.

Tax Implications

In most countries, bonus payments under this Plan will be considered taxable compensation upon receipt and may be subject to certain deductions including withholding for income taxes. Participants should consult their personal tax adviser regarding any applicable federal, foreign, state and local taxes, and any other tax consequences of participation in the Plan.

Plan Revisions

This document and the information it contains are the property of HPE and are made available only to relevant HPE and HPEFS employees. HPE and HPEFS retain the right to change, modify, suspend, interpret or eliminate any provision in this publication, at any time, with or without notice. The basis for determining eligibility, participation in the Plan and method of calculating payments are governed by the HPEFS BOG and HPE and HPEFS TR, and may be changed at any time as deemed appropriate.

Terms of Employment

None of the information contained herein is intended to give special rights or privileges to specific individuals or to entitle any person to remain employed by HPE. Unless contrary to applicable law or the terms of a written contract executed by an officer of HPE, employment at HPE is not guaranteed for any definite period and may be terminated at any time by HPE or by an employee with or without cause or previous notice. Although some of the guidelines set forth herein may suggest, even strongly, that certain procedures or steps be followed, these procedures should not be interpreted as altering an individual's employment relationship and do not constitute an employment contract. In addition, any bonus payment under the Plan is not to be construed or interpreted as an integral part of the participant's compensation for purposes of acquired rights.

Participation in the Plan in any given year does not guarantee participation in subsequent years; nor is there any guarantee the Plan itself will be in effect in subsequent years.

Glossary of Terms

Actual Bonus Amount – Represents planned bonus payment to participant adjusted for organizational and individual performance.

Bonus Pool – A pool of funds made available by HPE from which an organization allocates individual bonus amounts within the parameters of the Plan.

Bonus Target Amount – A bonus value calculated based on a participant's base salary (or eligible earnings) and bonus target percent.

Bonus Target Percent – A targeted bonus percent assigned by HPEFS TR for each eligible job code.

Effective Date – The date reflected in the Plan administrator's records as the date the employee was hired or transferred into, or out of, an eligible job code under the ICP.

Eligible Earnings – Sum of earnings during Plan Year used as baseline for bonus funding.

Equipment Financing Volume – Actual volume of equipment and software financed by HPEFS and its subsidiaries, expressed in U.S. dollars.

Funded Bonus Amount – An initial bonus value calculated based on a participant's eligible earnings, bonus target and the achievement of financial performance metrics measured against goals.

HPE – Hewlett-Packard Enterprise Company, and all subsidiaries and affiliates, including but not limited to HPEFS.

Owned Operating Profit – HPEFS revenue less HPEFS operating expenses.

Owned Revenue – U.S. dollar amount of revenue earned as a result of business operations, services performed or merchandise sold by HPEFS.

Plan Year – Period from 01 November to 31 October of current Fiscal Year, consistent with the HPE fiscal calendar.

*Employees in sales job codes are not eligible for the HPEFS ICP
**Plan participation is dependent upon job and organization affiliation; quarterly participants are individual contributors in the Leasing; Customer Delivery and Portfolio Management organizations

Annex 6

Identified Staff

Qualitative Criteria

The quantitative criteria in the Staff Identification Standards are:

(1) the staff member is a member of the management body in its management function;

This would cover the Management Risk Committee members which comprise of the Managing Director, the Head of Finance, the Head of Legal, the Head of Operations, Head of Credit and the Chief Risk Officer.

(2) the staff member is a member of the management body in its supervisory function;

This would cover the Board members of the Bank.

(3) the staff member is a member of the senior management;

In addition to the Bank employees identified in (1) above, the additional personnel are the Head of Portfolio Management, Head of Marketing and Business Development and the Head of IT.

(4) the staff member is **responsible and accountable** to the management body for the activities of the independent risk management function, compliance function or internal audit function;

This will cover the Chief Risk Officer, Chief Compliance Officer and the Head of Internal Audit.

(5) the staff member has the overall responsibility for risk management within a business unit within the meaning of Article 142(1)(3) of Regulation (EU) No 575/2013 ("**CRR**") which has had internal capital distributed to it in accordance with Article 73 of CRD IV that represents at least 2% of the internal capital of the institution (a "material business unit");

This will include the Chief Risk Officer.

(6) the staff member heads a "material business unit";

"Material business unit" within the meaning of Article 142(1)(3) of Regulation (EU) No 575/2013 which has had internal capital distributed to it in accordance with Article 73 of CRD IV that represents at least 2% of the internal capital of the institution.

Noting the monoline nature of the HPIB business, save for the staff identified above, no further personnel come under this heading.

(7) the staff member has managerial responsibility in one of the functions referred to in point (4) or in a material business unit and reports directly to a staff member identified under either point (4) or point (5);

None within HPIB.

(8) the staff member has managerial responsibility in a material business unit and reports directly to the staff member who heads that unit;

The Head of Portfolio Management and Business Development reporting direct to the Managing Director is therefore included.

(9) the staff member heads a function responsible for legal affairs, finance including taxation and budgeting, human resources, remuneration policy, information technology, or economic analysis;

Head of Legal, Head of Finance and Head of IT already included. HR is currently supported through the HPEFS BU and is not a Bank employee.

(10) the staff member is responsible for, or is a member of a committee responsible for the management of a risk category described in Articles 79 to 87 of CRD IV other than credit risk and market risk;

This includes Liquidity Risk, Operational Risk, Interest Risk and RV risk. Therefore, the Head of Treasury, the Chief Risk Officer, the Head of Operational Risk (if applicable) and the Head of Portfolio Management are included.

(11) with regard to credit risk exposures of a nominal amount per transaction which represents 0.5% of the institution's Common Equity Tier 1 capital and is at least EUR 5 million, the staff member meets one of the following criteria:

(a) the staff member is responsible for **initiating credit proposals** or structuring credit products, which can result in such credit risk exposures; **The credit proposals are initiated by non-Bank staff with the decision making within the remit of the Management Risk Committee and the named Directors.**

(b) the staff member has authority to take, approve or veto a decision on such credit risk exposures;

(c) the staff members is a member of a committee which has authority to take decisions set out in points (a) or (b) above; **This covers the Management Risk Committee members already identified above.**

(12) **Trading Book criteria so not applicable for HPIB.**

(13) the staff member has managerial responsibility for a group of staff members who have individual authorities to commit the institution to transactions and either of the following conditions is met:

(a) the sum of those authorities equals or exceeds a threshold set out in point 11(a), point 11(b) or point 12(a)(i) above;

Noting the Bank Schedule of Authorisation, only the individuals identified above are be in scope here.

(b) where an internal model based approach is approved for regulatory purposes those authorities amount to 5% or more of the institution's internal value-at risk limit for trading book exposures at a 99th percentile (one-tailed confidence interval level). **Not relevant for the HPIB portfolio.**

Where the institution does not calculate a value-at-risk at the level of that staff member the value-at-risk limits of staff under the management of this staff member shall be added up;

(14) with regard to decisions to approve or veto the introduction of new products, the staff member meets either of the following criteria:

(a) the staff member has the authority to take such decisions;

(b) the staff member is a member of a committee which has authority to take such decisions;

The Directors of the Bank and the Management Risk Committee are only empowered to approve such products.

(15) the staff member has managerial responsibility for a staff member who meets one of the criteria in points (1) to (14).

Either the relevant manager has already been covered either as Directors or senior management of the Bank, with no further HPIB staff identified.

List of Identified Staff

a. Non-executive Directors (3)
b. Independent Non-Executive Director (3)
c. Executive Director (1)
d. Chief Risk Officer
e. Head of Finance
f. Head of Operations
g. Head of Legal/Compliance
h. Head of Internal Audit
i. Head of Human Resources
j. Head of Credit
k. Head of Information Technology
l. Head of Treasury
m. Head of Business Development
n. Head of Operational Risk (if applicable)
o. Head of Portfolio Management

Annex 7

Strategy and Financial Targets of Bank for FY'18

See Supporting Strategy Document.