



HP Supply Chain Responsibility

EICC code

HP SER/EICC Audits

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Supply Chain Responsibility

2014 program summary

HP Supply Chain Responsibility program

The mission of HP's Supply Chain Responsibility program is to protect and empower workers, who we view as rights holders, and to reduce global and community environmental impacts while simultaneously creating benefits for HP and our customers. We believe this mission is complementary to our business objectives and results in a competitive advantage.

HP's vision is for a sustainable supply chain, with empowered partners who own and prioritize the well-being of the people, communities, and environment around them.



Policies and standards

HP selects suppliers that agree to conform to business requirements, laws and regulations, and specific SER policies and standards

HP's Supplier Code of Conduct

General Specification for the Environment (GSE)

HP Student and Dispatch Worker Standard

HP Reuse and recycling standards

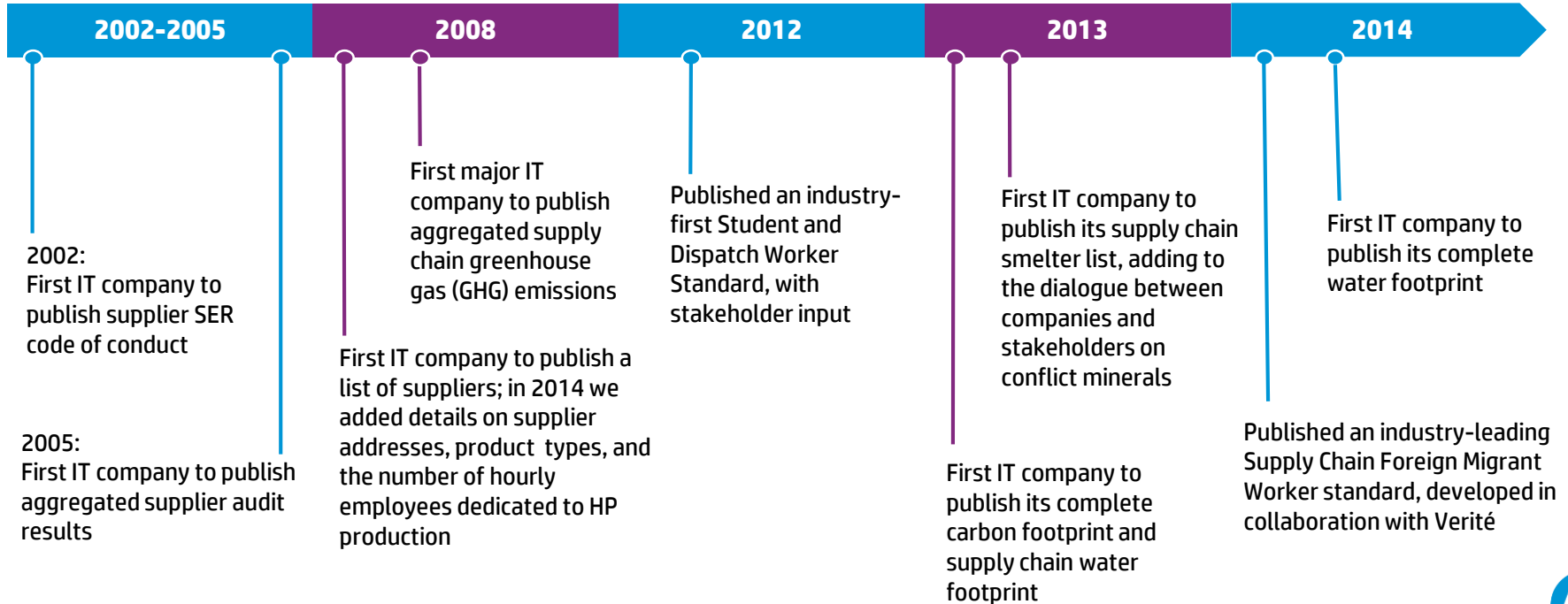
HP Supply Chain Foreign Migrant Worker Standard



HP promotes the core labor rights under the ILO Declaration on Fundamental Principles and Rights at Work (1998)

Transparency

HP's long history of industry-leading transparency includes:



HP Supply Chain Foreign Migrant Worker Standard

HP mandates better protection for vulnerable worker group

No recruitment fees paid by workers



No document retention by suppliers or agents



Direct employment relationships with suppliers
(industry first)



Capacity Building

**Assurance Program
Development**

Monitoring

**Industry / Stakeholder
Collaboration**

Conflict Minerals

- 76% of smelters reported in HP supply chain are Conflict-Free Smelter Program compliant or in process to become compliant
- More than doubled number of 3TG smelters compliant on CFSP list from 60 to 152
- Continuing our industry first practice, we disclosed the list of all smelters in supply chain whether or not sourcing from DRC or adjoining countries

Status of 3TG smelters or refiners reported in HP's supply chain

	2013 (as of January 2014)		2014 (as of April 2015)	
	Number of smelters	% of total	Number of smelters	% of total
Compliant*	60	30%	152	59%
In process**	21	10%	44	17%
Not yet participating	120	60%	61	24%
Total	201	-	257	-

* Smelters or refiners compliant with assessment programs: CFSI's CFSP, Responsible Jewellery Council's (RJC) Chain-of-Custody Certification Program, or the London Bullion Market Association's (LBMA) Responsible Gold Programme.

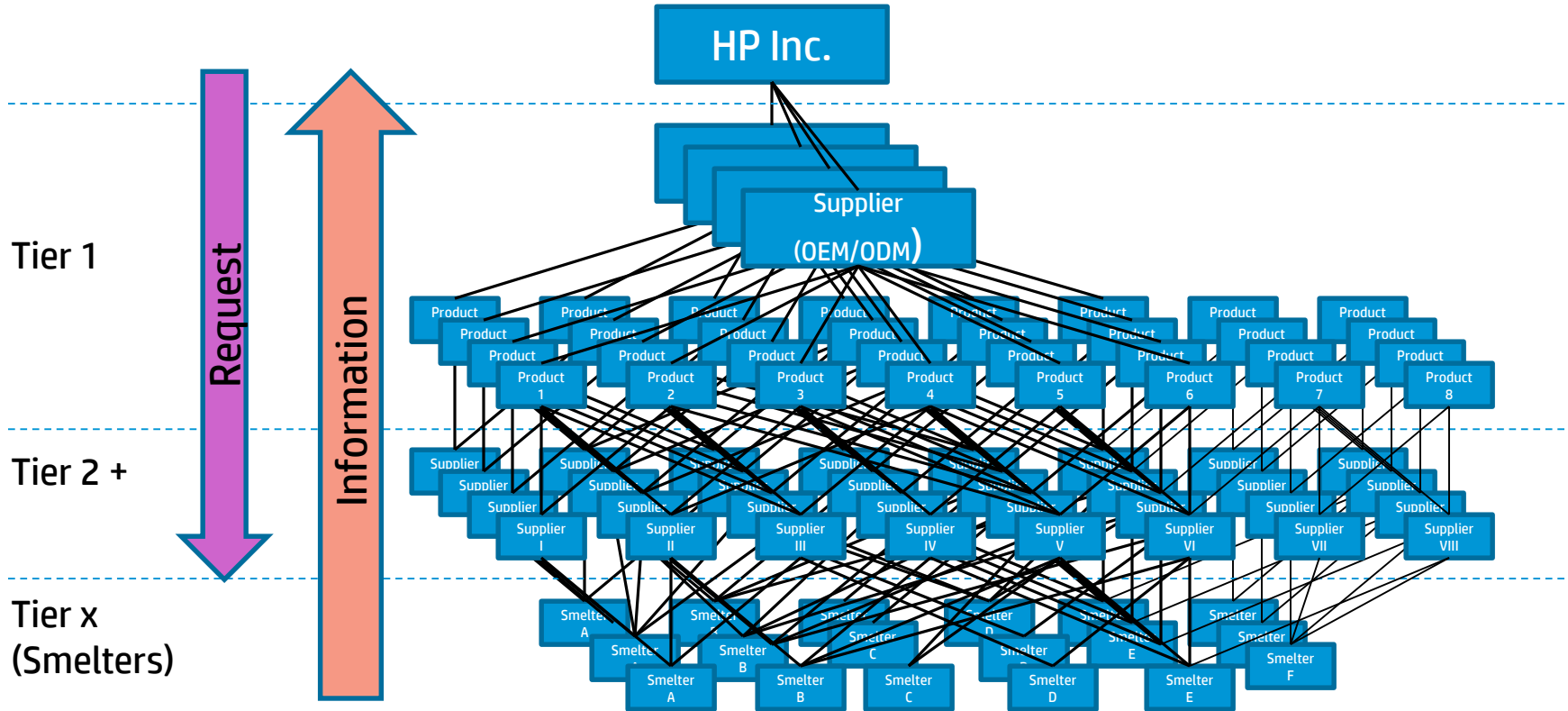
** Smelters or refiners listed by CFSI as currently in the process of becoming CFSP-compliant or that are Tungsten Industry-Conflict Minerals Council (TI-CMC) Category A members.

Industry and multi-stakeholder engagement:

- Conflict-Free Sourcing Initiative
- IDH's Indonesian Tin Working Group
- Former Conflict-Free Tin Initiative
- Solutions for Hope DRC conflict-free tantalum project
- Kemet Partnership for Social and Economic Sustainability
- Public-Private Alliance for Responsible Minerals Trade
- Responsible Sourcing Network's Multi-Stakeholder Group



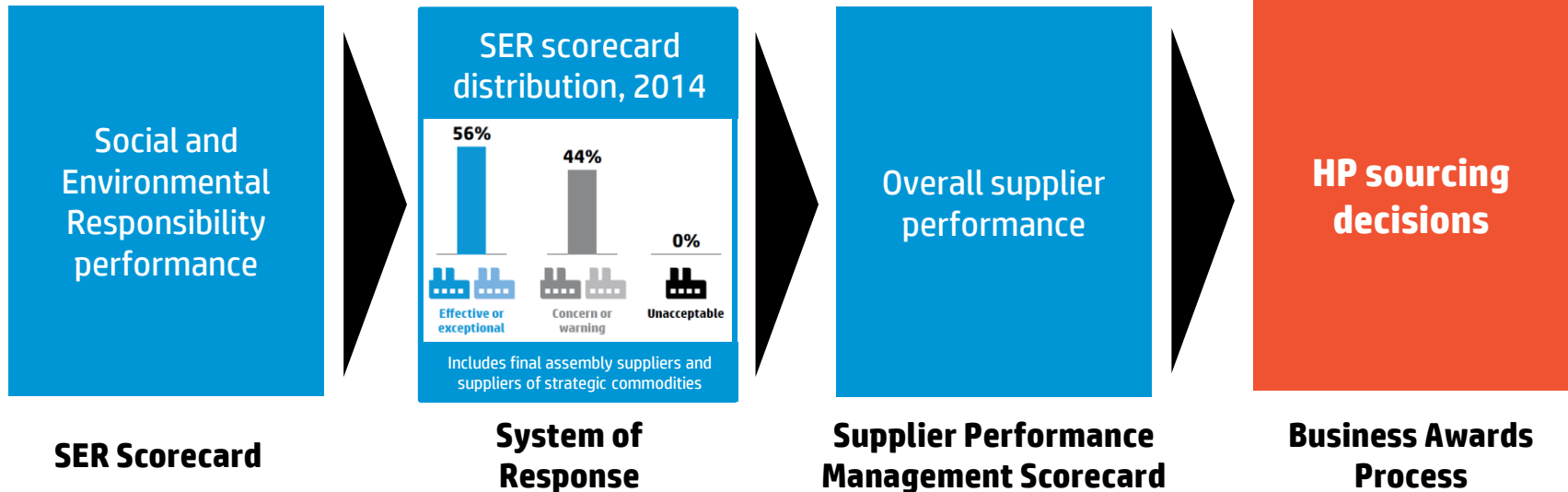
What it Really Looks Like



Incentivizing suppliers: HP's SER scorecard

HP's supplier SER scorecard and System of Response act as a multiplier to the Supplier Performance Management score

- Suppliers with strong SER performance can increase their opportunities for new or expanded business, as well as other benefits such as SER awards
- Suppliers with persistently poor SER performance will see executive escalations and required remediation, and may see a decrease in business with HP



EICC (Electronic Industry Citizenship Coalition)

EICC Code of Conduct



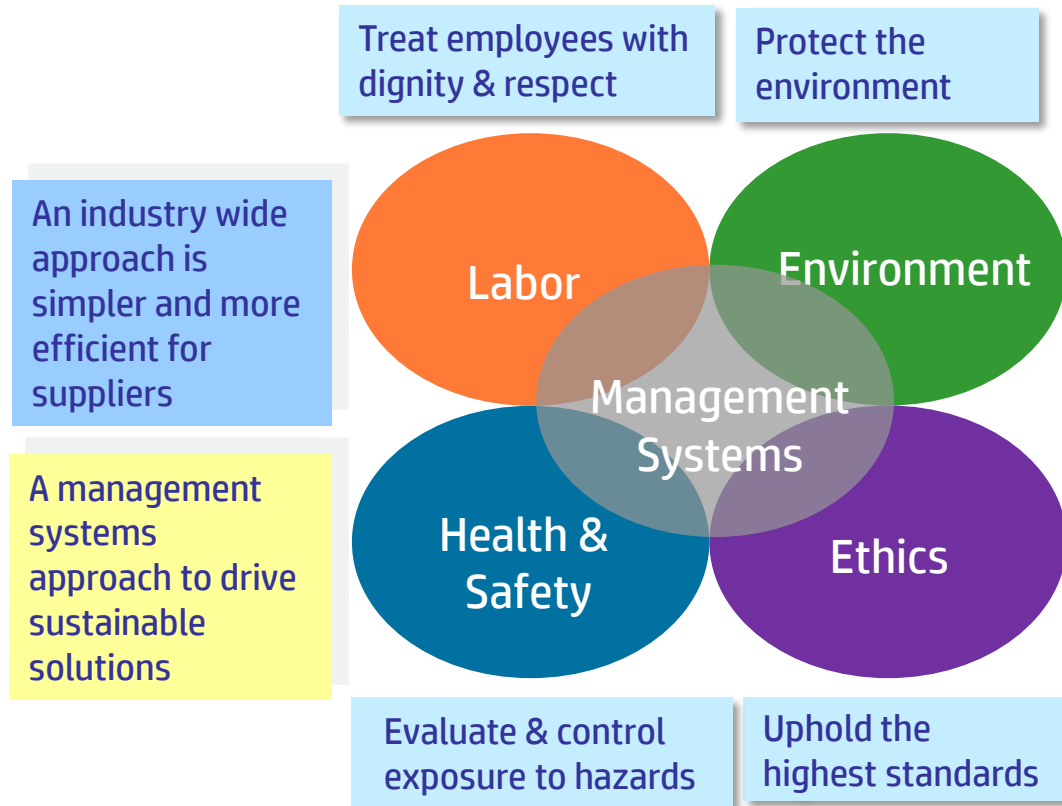
Electronic Industry Citizenship Coalition (EICC)



Total members Oct. 2015: 108



EICC Code of Conduct



References:

- ILO Code of Practice in Safety and Health
- National Fire Protection Agency
- ILO International Labor Standards
- OECD Guidelines for Multinational Enterprises
- United Nations Convention Against Corruption
- United Nations Global Compact
- Universal Declaration of Human Rights
- ISO 14001
- SAI / SA 8000
- Ethical Trading Initiative
- OHSAS 18001
- Eco Management & Audit System
- OECD Due Diligence Guidance
- Dodd-Frank Wall Street Reform and Customer Protection Act

AUDIT SCOPE

HP/EICC Code of Conduct

- Supplier understanding of Code requirements
- Code applied to site operations

Labor

- Freely Chosen Employment
- Child Labor
- Working Hours
- Wages and Benefits
- Humane Treatment
- Non-discrimination
- Freedom of Association

Health and Safety

- Occupational Safety
- Emergency Preparedness and Response
- Occupational Injury and Illness
- Industrial Hygiene
- Physically Demanding Work
- Machine Safeguarding
- Sanitation, Food and Housing

Environment

- Environmental permits and reporting
- Pollution prevention and Resource Reduction
- Hazardous substances
- Wastewater and Solid Waste
- Air Emissions
- Product Content Restrictions (HP's GSE)

Ethics

- Business Integrity
- No Improper Advantage
- Disclosure of Information
- Intellectual Property
- Fair Business, Advertising and Competition
- Protection of Identity
- Responsible Sourcing of Minerals
- Privacy
- Non-Retaliation

Management Systems

- Company Commitment
- Management Accountability & Responsibility
- Legal and Customer Requirements
- Risk Assessment and Risk Management
- Improvement Objectives
- Training
- Communication
- Worker Feedback & Participation
- Audits and Assessments
- Corrective Action Process
- Documentation and Records
- Supplier Responsibility

HP SER/EICC audits



HP SER/EICC VAP Operations Manual

All HP SER/EICC audits are conducted as per the „EICC VAP Operations Manual“ (respective valid version).

Some aspects covered by this operations manual:

- The EICC Code of Conduct
- EICC code interpretation guidelines (required evidence sources, rating guideline, etc.)
- Who may conduct an audit / Audit Team (lead auditor needs to have proper education and needs to be IRCA certificated)
 - The HP SER/EICC audit team usually consists out of: 1 lead-auditor, 1 EHS co-auditor and 1 translation support person.
- Preparation of the audit
- Process of the audit (vast majority as per ISO 19011:2002)
- Scope of the audit
- Audit report
- Corrective actions (CAP Management)
- Closure of corrective actions, follow-up audit



HP SER/EICC audit

Components of a HP SER/EICC audit:

- Opening Meeting
- Facility / Orientation tour (Familiarize the Audit team with the facility layout and key operations; Observe general physical and working conditions; Observe areas of potential high risk; and Identify and prioritize other areas and aspects of local operations that may require more detailed inspection and review during the Audit)
- Detailed Evaluation / Analysis of findings
- Management interviews
- Worker interviews (Their views is critical to obtain a full range of perspectives on facility programs and performance)
- Daily wrap up meetings
- Closing meeting



Sources of evidence

Possible sources of evidence (defined in the audit protocol per provision):

- **Site observation** (emergency exits, sprinklers, fire extinguishers, first aid boxes, any signs of restricted worker movement, any signs of child labor, safe guards of machines, chemical storage, cranes, facility notice board, condition of canteen, etc., etc.)
- **Document review** (e.g. permits, policies, procedures, work instructions, forms, employee files, pay slips, bank account statements, booking records, audit report of the 3rd party accountant, training attendance records, etc.)
- **System review** (e.g. time record system, documentation system, facility intranet, accounting system, training system, etc.)
- **Management interviews**
- **Worker interviews** (very important source of evidence)



HP SER/EICC audit report



HP SER/EICC audit report

The HP SER/EICC audit report serves as a detailed record of the conditions and practices in place at the auditee at the time of the audit. As such it's „a picture“ of the auditee's facility at the time of the audit.

The audit report is the basis for the auditee to implement corrective actions and as such is the basis for continues improvements.

Main content:

- Executive Summery
- Proof / Evidence per provision
- Conclusion statement per provision
- Rating per provision



HP SER/EICC audit report, rating

Possible ratings in a HP SER/EICC audit report:

- **Conformance**
- **Risk of Non-Conformance** (Should be given in case the auditor gets conflicting evidence)
- **Minor Non-Conformance**
- **Major Non-Conformance**
- **Priority Non-Conformance** (very severe issues, like confirmed presence of forced/bonded labor or no fire equipment or blocked, locked fire exits or canteen and/or kitchen is/are unsafe, etc.)



CAP (Corrective Action Plan)



Corrective action plan (CAP) based on the audit report

After submitting the audit report, HP expects that the supplier is curing the audit finding in a certain time frame based on the rating:

- Priority Non-Conformance – within 30 days
- Major Non-Conformance – within 90 days
- Minor Non-Conformance – within 180 days
- Risk of Non-Conformance – within 180 days.

The closure of a CAP can either be proofed via respective evidence (documents, pictures, flow charts, etc.) or it will be checked in a follow-up audit.

CAPs are managed in the EICC-On system.



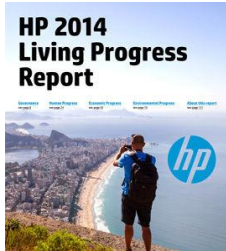


Supplemental information

2014 SCR program

References

More detailed information about HP's Supply Chain Responsibility program:



2014 HP Living Progress Report

Supply chain
responsibility:
Our approach



Supply Chain Responsibility: Our approach



HP SCR Living Progress web pages

Supply Chain Responsibility

Supply Chain Environmental Impact



Thank you!

