

HP Inc.

TICKER
NYS:HPQ**MARKET CAPITALIZATION**
US\$38 billion**HEADQUARTERS**
United States**DISCLOSURES**
UK Modern Slavery Act: Yes**TARGETS**
YesCalifornia Transparency in Supply Chains Act: Yes

OVERALL RANKING**2 out of 49**([2018 Rank](#): 2 out of 40)

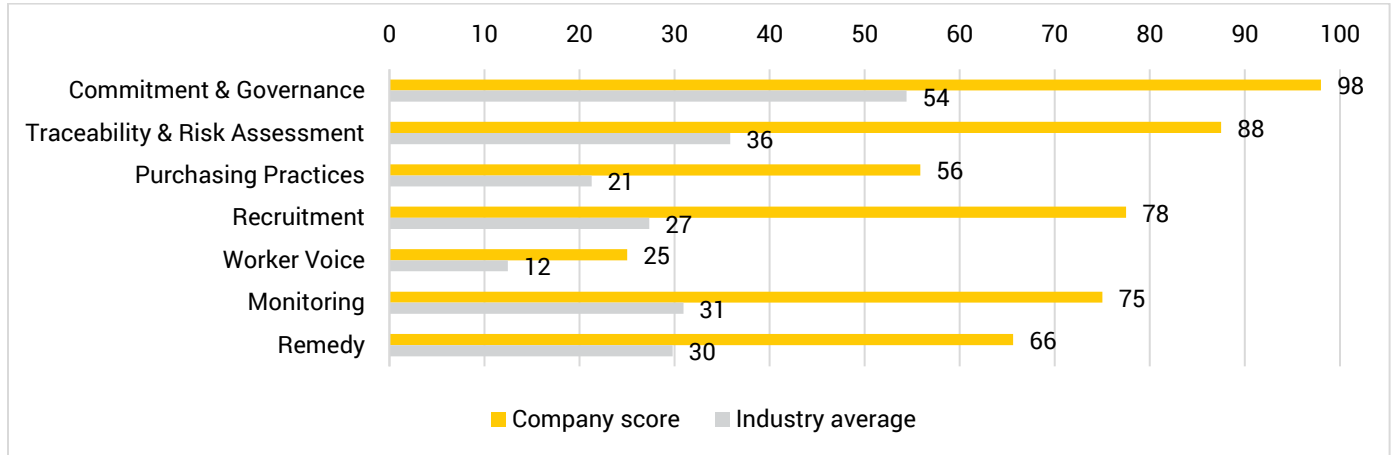
OVERALL SCORE**69 out of 100**

SUMMARY

HP Inc. (HP), ranks 2nd out of 49 companies, disclosing more information on its forced labor policies and practices than its peers across all themes. Compared to 2018, the company maintained its rank in the benchmark. The company has improved by disclosing the location of its second-tier suppliers, monitoring of lower-tier suppliers, some information on its process for providing remedy, and evidence that recruitment fees have been repaid to supply chain workers. Notably, the company scores highest on the themes of Commitment and Governance and Recruitment and is one of only two companies in the benchmark to disclose multiple data points on its responsible purchasing practices.

KnowTheChain identified two allegations of forced labor in the company's supply chains. HP reports on remedial outcomes for workers and it is the only company to report that workers expressed some satisfaction with the remediation provided in the case of one allegation. However, the company does not disclose its engagement with affected stakeholders nor remedy outcomes in the second allegation. Steps HP could take to address forced labor risks in its supply chains include strengthening its disclosure and practices on Recruitment, Worker Voice, and Remedy.

Research conducted through October 2019 or through January 2020, where companies provided additional disclosure or links. For more information, see the full dataset [here](#). For information on a company's positive and negative human rights impact, see the Business & Human Rights Resource Centre [website](#). It includes an [allegation in the company's supply chains regarding forced labor of ethnic minorities transferred from Xinjiang to factories across other provinces in China](#), which falls outside of the research timeframe.

THEME-LEVEL SCORES

KEY DATA POINTS
SUPPLIER LIST

Yes

NO-FEE POLICY

Yes (Employer Pays Principle)

AVERAGE SUPPLIER SCORE

36/100

REMEDY FOR SUPPLY CHAINS WORKERS

Yes

HIGH-RISK SOURCING COUNTRIES

 China, Malaysia¹
LEADING PRACTICES

Purchasing Practices: HP discloses that it is working with its suppliers to “improve their forecasting ability, track shifts and working hours more accurately, and hire workers directly instead of by contract.” It reports that by improving communication and increasing lead times with one of its final assembly suppliers, workers “are now assigned 8-hour instead of 12-hour shifts.” The company states that the supplier transitioned temporary workers to be hired directly “to improve visibility and avoid discrimination and unfair treatment.”

Recruitment Fees: HP reports that it has verified remediation of recruitment fees to more than 1,000 workers in its operations and supply chains, amounting to more than US\$1.2 million. It also provides some information as to how it works to prevent worker-paid fees, including building suppliers’ capabilities by partnering with organizations that can provide guidance on the management of responsibly recruiting migrant workers. It reports that the external organization may interview workers, review documentation, and carry out research on migration costs. HP’s foreign migrant worker standard requires suppliers to have direct contracts with recruitment agents, which includes requiring agents to comply with the Supplier Code of Conduct, therefore including standards on forced labor.

Monitoring: The company reports that it launched a program to understand how its final assembly suppliers are auditing their own suppliers against its supplier code of conduct, which covers forced labor. It states that during annual partner business reviews, suppliers are expected to present how their programs are addressing the code requirements through audits of their supply chains, covering 85% of their spend. HP reports that this program covers six major PC suppliers and will be expanded to cover display and printer suppliers in 2020.

NOTABLE FINDINGS

Training: HP discloses that it trained suppliers in China on its supplier code. It states that the session was attended by 20 suppliers and included training on the requirement for suppliers to cascade the code requirements down to their own suppliers. In addition, it reports delivering two-day workshops on updates to its supplier code in Thailand, Singapore, and Malaysia. The company also reports that it has trained a sub-tier component supplier that had concerning working conditions, and that it has improved as a result.

Risk Assessment: HP discloses a risk assessment process that evaluates risks at the global, regional, and local levels. It reports that it uses information from its own monitoring and engagement programs, as well as its stakeholder network and external information on forced labor from research, reports, government indices, and NGOs. It states that risk indicators for forced labor include the employment of vulnerable groups, the use of recruitment agencies, and high-risk geographic areas. It also discloses that its foreign migrant worker risk assessment considers where suppliers are based, their manufacturing process, the reputation of the supplier, and external stakeholder information.

Stakeholder Engagement: HP reports that it worked with the International Organization for Migration in Thailand and Myanmar to provide training on responsible recruitment with labor agencies. It also discloses that it has partnered with the Issara Institute to monitor the recruitment process in Yangon, Myanmar. The company additionally engages with stakeholders at the industry level—it is a member of the Responsible Business Alliance (RBA), and it chairs the steering committee of the RBA's Responsible Labor Initiative. HP also discloses that it participates in Truckers Against Trafficking, which it reports "helps to combat trafficking in the United States" through educating members of the trucking industry and coordinating with law enforcement agencies.

OPPORTUNITIES FOR IMPROVEMENT

Recruitment: While the company discloses some information on how it ensures that suppliers remediated worker-paid recruitment fees, it is encouraged to take steps to prevent worker-paid fees (e.g., by mapping recruitment channels to understand worker journeys and labor processes, analyzing fees paid by workers to ascertain amounts paid, and undertaking specialized audits to detect such fees). The company may further consider disclosing information on the recruitment agencies its suppliers use, evidence that its suppliers monitor the employment and/or recruitment agencies that they use for forced labor risks, and the outcomes of the steps it has taken to ensure respect of the [ILO core labor standards](#) of supply chain workers in vulnerable conditions (such as migrant workers and women workers).

Worker Voice: To support collective worker empowerment, the company is encouraged to work with local or global trade unions to support freedom of association in its supply chains. Where there are regulatory constraints on freedom of association, the company may consider ensuring workplace environments in which workers in its supply chains are able to pursue alternative forms of organizing. Further, the company is encouraged to disclose examples covering different supply chain contexts of how it improved freedom of association and/or collective bargaining for its suppliers' workers, such as migrant workers.

Remedy: While the company reports that it has a central tracking system for monitoring allegations and gives some information on how this information is reviewed, the company is encouraged to provide further detail on the process, including timeframes, engagement with affected stakeholders, and the names of the responsible parties. To demonstrate to its stakeholders that it has an effective remedy process in place, the company is encouraged to engage with stakeholders affected in specific allegations and disclose remedy outcomes provided to workers in cases of specific allegations.

ENGAGED WITH KNOWTHECHAIN

Yes ([Provided Additional Disclosure](#)).

¹ The US Department of Labor lists China and Malaysia as countries where electronics may be produced using forced labor. US Department of Labor (20 September 2018), "[List of Goods Produced by Child Labor or Forced Labor](#)."