

HP INC.

TICKER:
HPQ: NYSE

MARKET CAPITALIZATION:
US\$ 58 billion

HEADQUARTERS:
United States

1 OUT OF 20
Company’s Overall Ranking

72 OUT OF 100
Company’s Overall Score

HP Inc. (HP) ranks first on the ICT benchmark report, demonstrating a higher degree of transparency on its approach to managing forced labor risks in its supply chain than its peers. HP also ranks first in the four thematic areas of commitment and governance, traceability and risk assessment, purchasing practices, and monitoring. Notably, the company discloses leading practices in the areas of commitments and governance, and traceability and risk assessment, receiving the maximum achievable score. Despite its stronger performance relative to its benchmark peers, there is an opportunity for HP to further strengthen its performance by disclosing evidence that it audits recruitment agencies used in its supply chain. Furthermore, it may consider improvements in the area of worker voice.

THEME LEVEL SCORE

Commitment and Governance	100 out of 100
Traceability and Risk Assessment	100 out of 100
Purchasing Practices	88 out of 100
Recruitment	42 out of 100
Worker Voice	21 out of 100
Monitoring	80 out of 100
Remedy	75 out of 100

LEADING PRACTICES

Training: HP trains its auditors and program managers as part of the Foreign Migrant Work Program, where training includes a “review of the standard, how to conduct the assessment, techniques for gathering information from workers, triangulation of data, and risk sensing.” HP states that it builds supplier capabilities by “training suppliers and labor agencies to raise awareness of issues related to human trafficking.” Notably, it has extended its training programs beyond first-tier suppliers, disclosing that it trained 422 sub-tier suppliers through programs conducted jointly with first-tier suppliers. Additionally, HP trains its own employees and decision makers on the risks of forced labor in its supply chain. The company discloses that 99% of its active employees complete an annual refresher training on the HP Business Codes which includes a section on human rights.

Stakeholder Engagement: HP discloses partnerships with local NGOs, trade unions, and policy makers, as well as collaborations in multi-stakeholder initiatives. In 2015, in partnership with other ICT sector companies and the Malaysian Ministry of Home Affairs, HP hosted labor standards training



sessions in Malaysia. In 2013, the company worked with a local Chinese government, the Chongqing, to launch a Supervisor Training Program which included more than 220 supervisors from three of its suppliers in Chongqing. One of the aims of the training was to "educate suppliers on how to prevent forced labor issues". HP has also met with various departments of the Malaysian government to discuss collaboration opportunities with respect to addressing risks associated with foreign migrant workers.

Traceability and Risk Assessment: HP has implemented a process to trace and assess forced labor risks across its supply chain which includes stakeholder engagement, supplier risk profiling, external data, and performance monitoring. The company analyzes this information and addresses identified risks specific to a region or activity in the supply chain. HP discloses a Student and Dispatch Worker Standard for Supplier Facilities in the People's Republic of China (PRC), which it developed in partnership with the Center for Child Rights and Corporate Social Responsibility, and in recognition of a growing focus on "responsible student worker management in the supply chain." In cooperation with not-for-profit organization Verité, HP also developed a Foreign Migrant Worker Standard identifying risks related to the recruitment and management of foreign migrant workers in its supply chain and in an attempt to prevent forced labor practices in its supply chain. This standard includes a direct hiring policy stating that "foreign migrant workers shall be signed directly with the supplier, not with a recruitment agent" and "suppliers should seek, where possible, to minimize the use of recruitment agents and hire foreign migrant workers directly."

Purchasing Practices: HP discloses that new suppliers cannot do business with the company until they correct the highest priority non-conformances and demonstrate adequate corrective action plans for any area where they do not meet HP's standards. HP states that it provides tools and information to support suppliers in managing their capacity to meet fluctuating demands, such as providing key suppliers with a rolling 12+ week forecast. Additionally, meetings are scheduled weekly to review this forecast, analyze demand against supplier capacity based only on a 60-hour work week, and confirm production plans. HP reduces high risk purchasing practices by establishing multi-year agreements with its major suppliers. The company works with over 50 suppliers under 10-15 year contracts on building awareness and capability, including on human trafficking and forced labor. HP's supply chain management is underpinned by stakeholder engagement, supplier risk profiling, external data, and performance monitoring.

NOTABLE FINDINGS

Supply Chain Standards: HP has a Supplier Code of Conduct based on the Electronic Industry Citizenship Coalition (EICC) Code of Conduct which reflects additional HP standards and expectations. The code addresses all four rights outlined in the ILO Declaration on Fundamental Principles and Rights at Work. The Supplier Code of Conduct requires suppliers to ensure that their next tier suppliers acknowledge and implement the Code and cascade the standards to their own suppliers.

Management and Accountability: HP has tasked a Director of Supplier Responsibility with the oversight of the company's supply chain social responsibility program, including end-to-end supplier assessments, auditing, continuous improvement processes, and capability-building programs.

Auditing Process: HP conducts a combination of announced and unannounced audits based on the EICC's Validated Audit Process (VAP) as part of its monitoring process. HP reports the findings publicly on an aggregate basis. The audit process includes detailed document reviews and a statistically significant number of interviews with workers, and the company discloses a summary of findings of its audit process.



OPPORTUNITIES FOR IMPROVEMENT

Recruitment: HP is encouraged to disclose information regarding the auditing of recruitment agencies used in its supply chain. The company may also consider disclosing evidence of how it ensures recruitment fees are reimbursed in the event that it is discovered that supply chain workers have been required to pay them.

Worker Voice: HP may consider disclosing programs to engage suppliers' workers outside of the context of factories. The company may consider seeking support and input from stakeholders, including international and local NGOs. HP is encouraged to disclose evidence of how it ensures suppliers support the right to freedom of association of foreign migrant workers, especially in environments with regulatory constraints. HP is encouraged to disclose how it ensures that the company's human trafficking and forced labor policies and standards are effectively communicated to workers in the supply chain and whether these are translated into workers' native languages.

Grievance Mechanism: HP has implemented confidential reporting channels for employees and third parties, including via email, an online form, and a global 24-hour toll-free hotline with translators available. HP could further strengthen its grievance mechanism by disclosing evidence of how it ensures the mechanisms is communicated to suppliers' workers and that impacted stakeholders trust the mechanism.

COMPANY PROVIDED ADDITIONAL DISCLOSURE:

[Yes.](#)

