Supply Chain Social and Environmental Responsibility (SC SER) at Hewlett-Packard

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AGENDA

– Context

– How HP's program works

- Standards for suppliers

- Proactive verification

- Collaboration with suppliers and other stakeholders

– What you can do and think about to get started

- Questions to ask

- Proactive steps to take

HP IS BIG

– Largest IT company: $114.6 Billion in 2009 (Fortune 32 global)

– Do business in 170 countries

– $60+ billion supply chain:

  – Approximately 3.5 products shipped every second

  – 700+ production suppliers with 1,200+ locations, 300,000+ workers; 1,000s of non-production suppliers

BROAD CROSS-SECTION
Over 10,000 products with high refresh rate
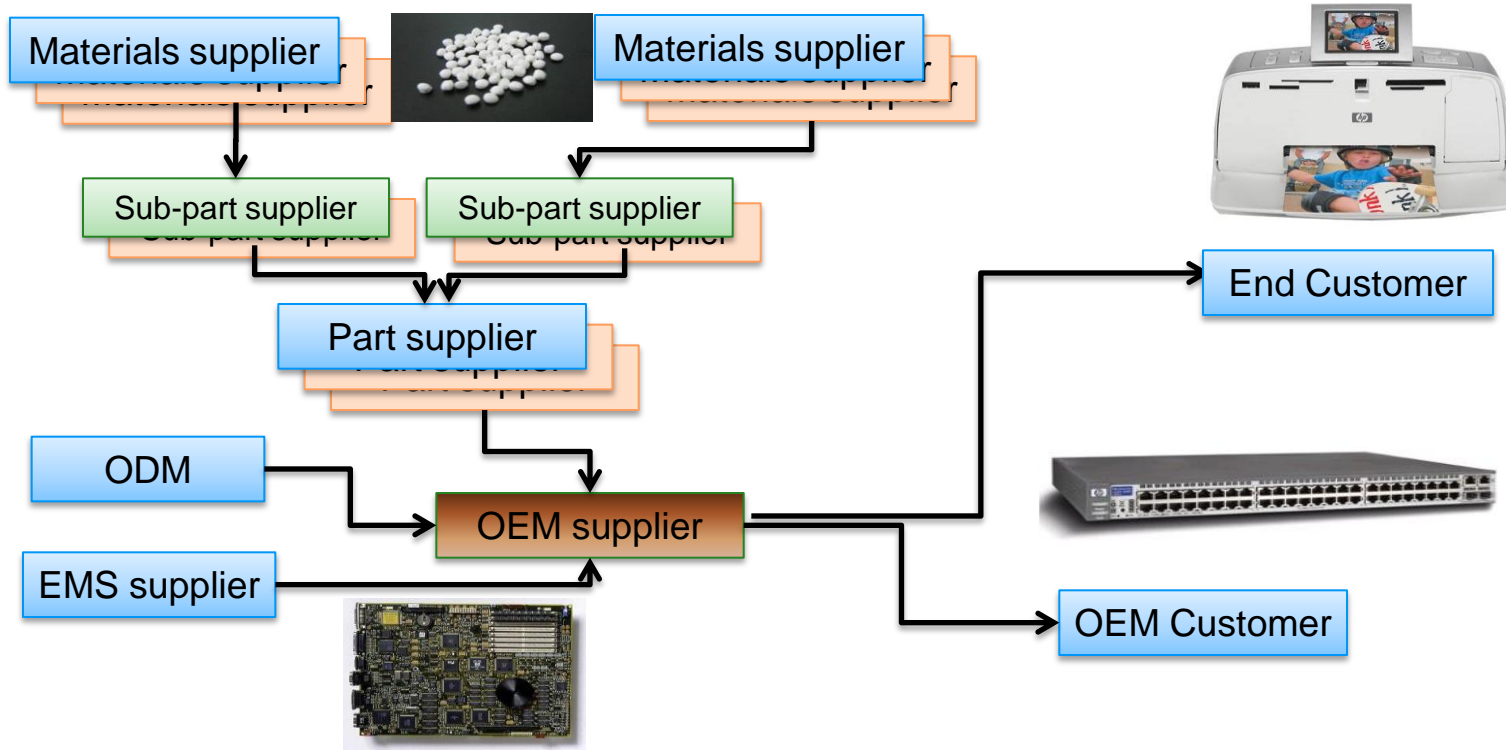
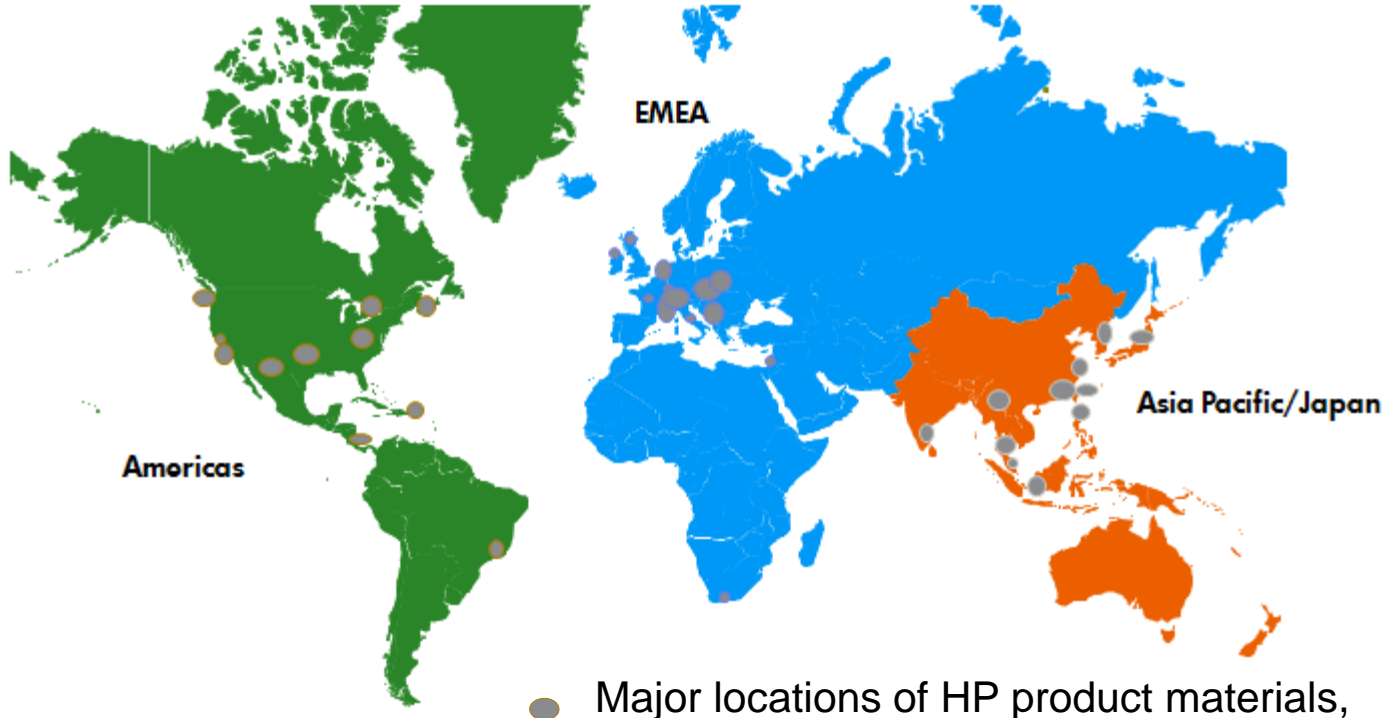| Technology Systems Group	Imaging & Printing Group	Personal Systems Group

COMPLICATED PRODUCTS

Materials supplier

Materials supplier

Sub-part supplier

Sub-part supplier

Part supplier

ODM

EMS supplier

OEM supplier

End Customer

OEM Customer

WORLDWIDE PRODUCTION

Major locations of HP product materials, components and services suppliers

LONG SUPPLY CHAIN SER HISTORY

1957 — Global Citizenship as a corporate objective

2002 — SC SER policy

HP Supply Chain Code of Conduct

Supplier self-assessment

Pilot SC SER audits

2004 — EICC released — HP SC SER audits

Capability building

2006 — FISICESR

2008 — HER Project — Joint audit pilots

Joint audits launched

2010
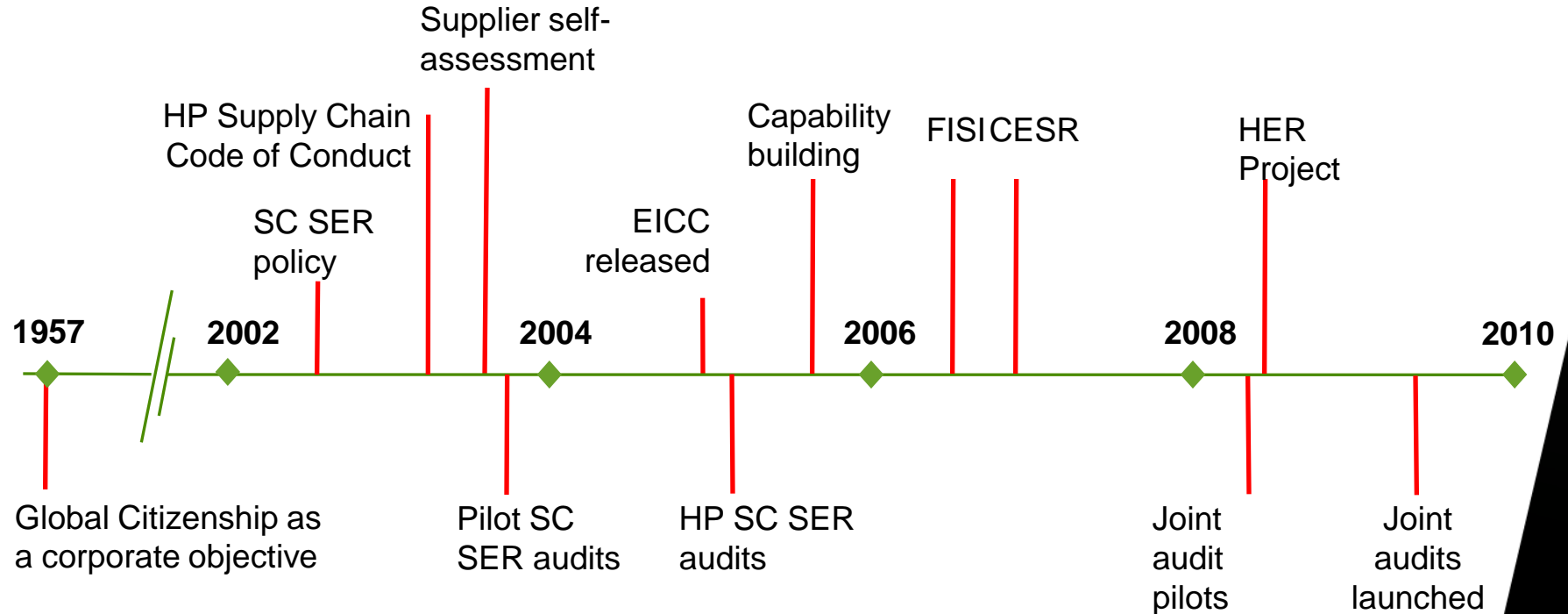
MANAGEMENT APPROACH
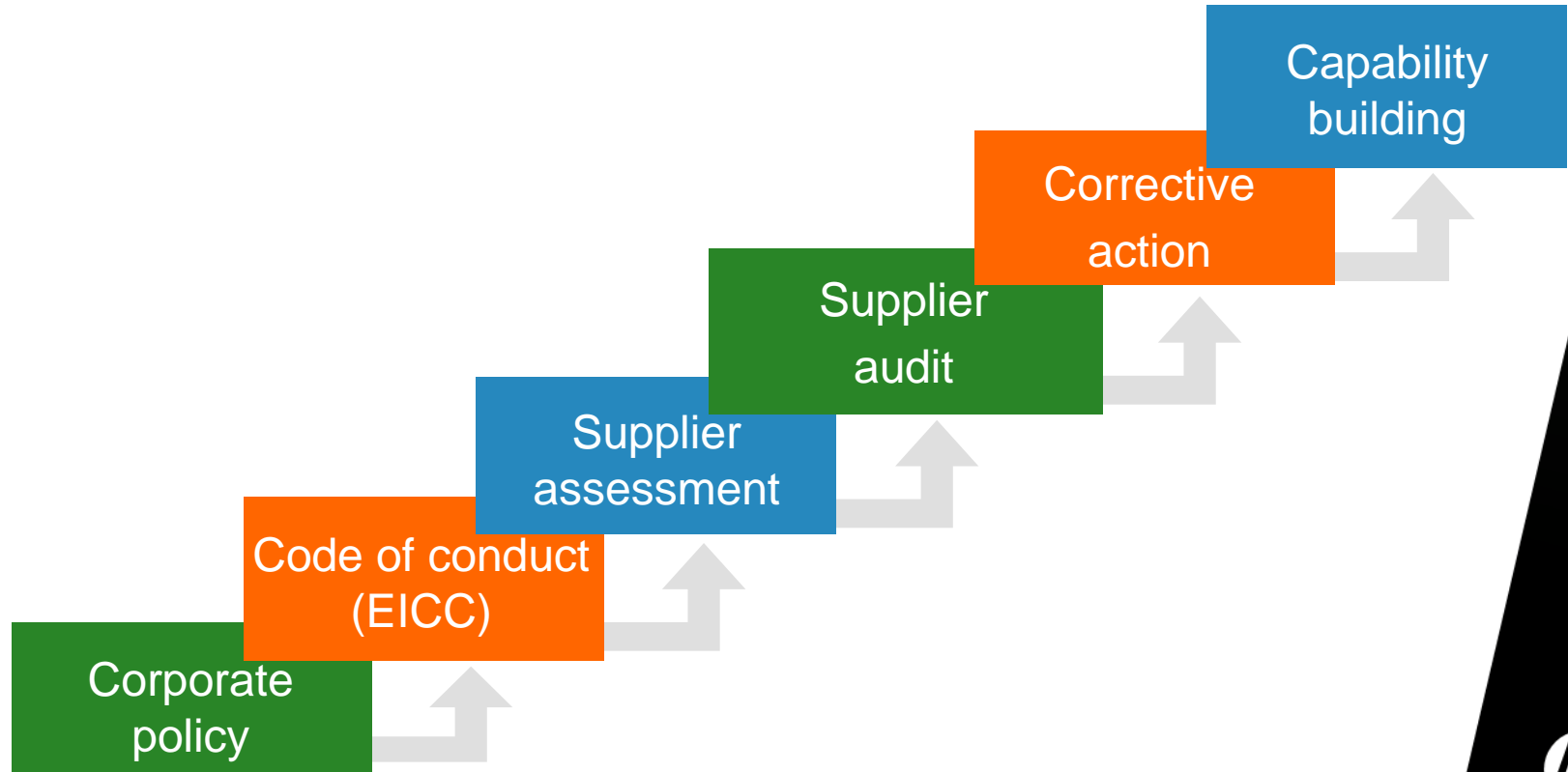
MAKING POLICY MEANINGFUL

Capability building

Corrective action

Supplier audit

Supplier assessment

Code of conduct (EICC)

Corporate policy

SC SER GOVERNANCE

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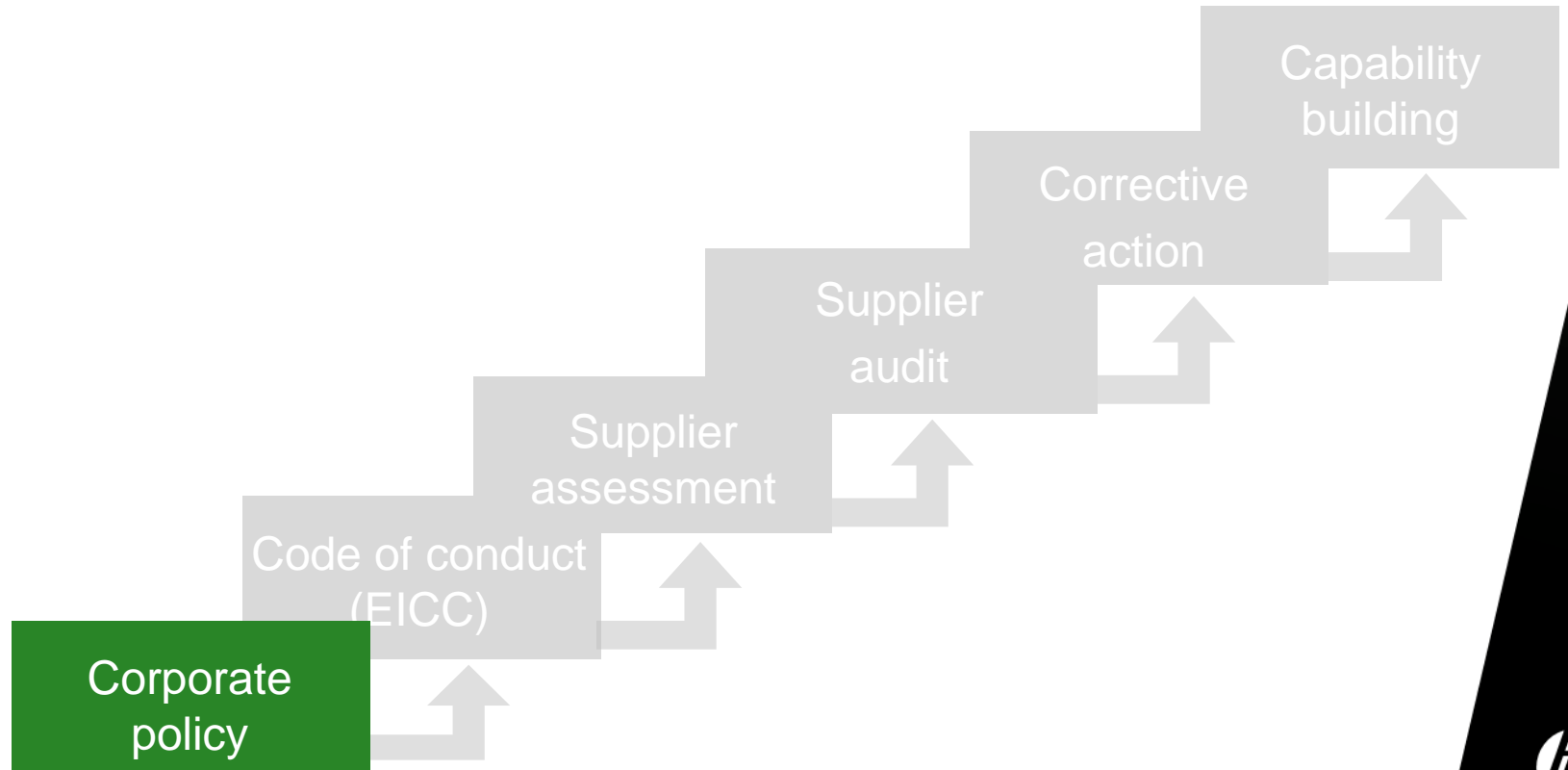
INCLUDE SER IN METRICS OF SUPPLIER PERFORMANCE

Technology

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Quality

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Supply

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Cost

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Business

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. **Social & Environmental Responsibility**

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CODE OF CONDUCT

Capability building

Corrective action

Supplier audit

Supplier assessment

Code of conduct (EICC)

Corporate policy
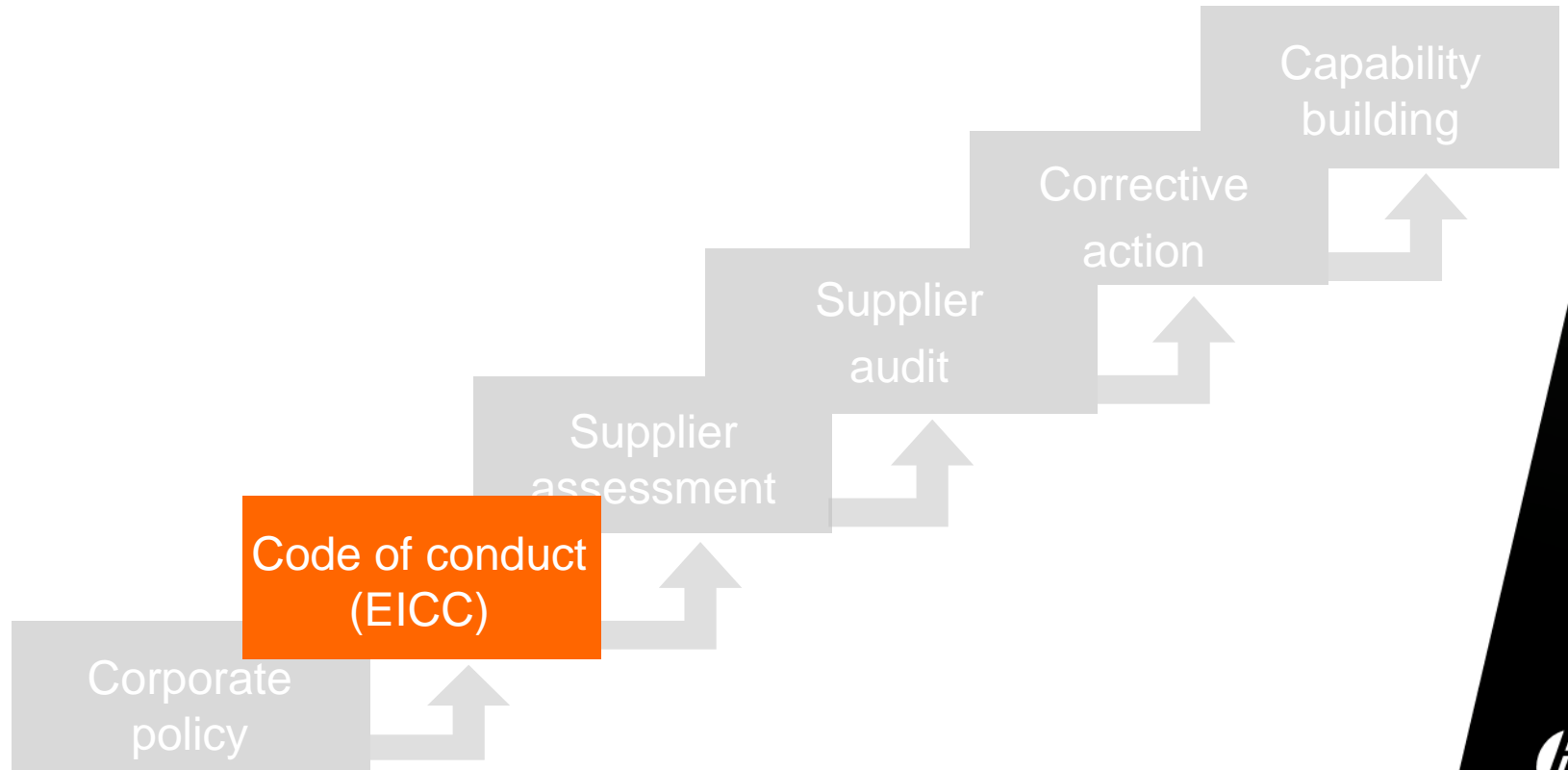
ELECTRONIC INDUSTRY CITIZENSHIP COALITION

www.eicc.info

ELECTRONIC INDUSTRY CODE OF CONDUCT (EICC)

- Treat employees with dignity and respect

- Protect the environment

Labor

Environment

Management systems

ensure solutions that last

Health & Safety

Ethics

- Evaluate and control exposure to workplace hazards

- Uphold the highest standards
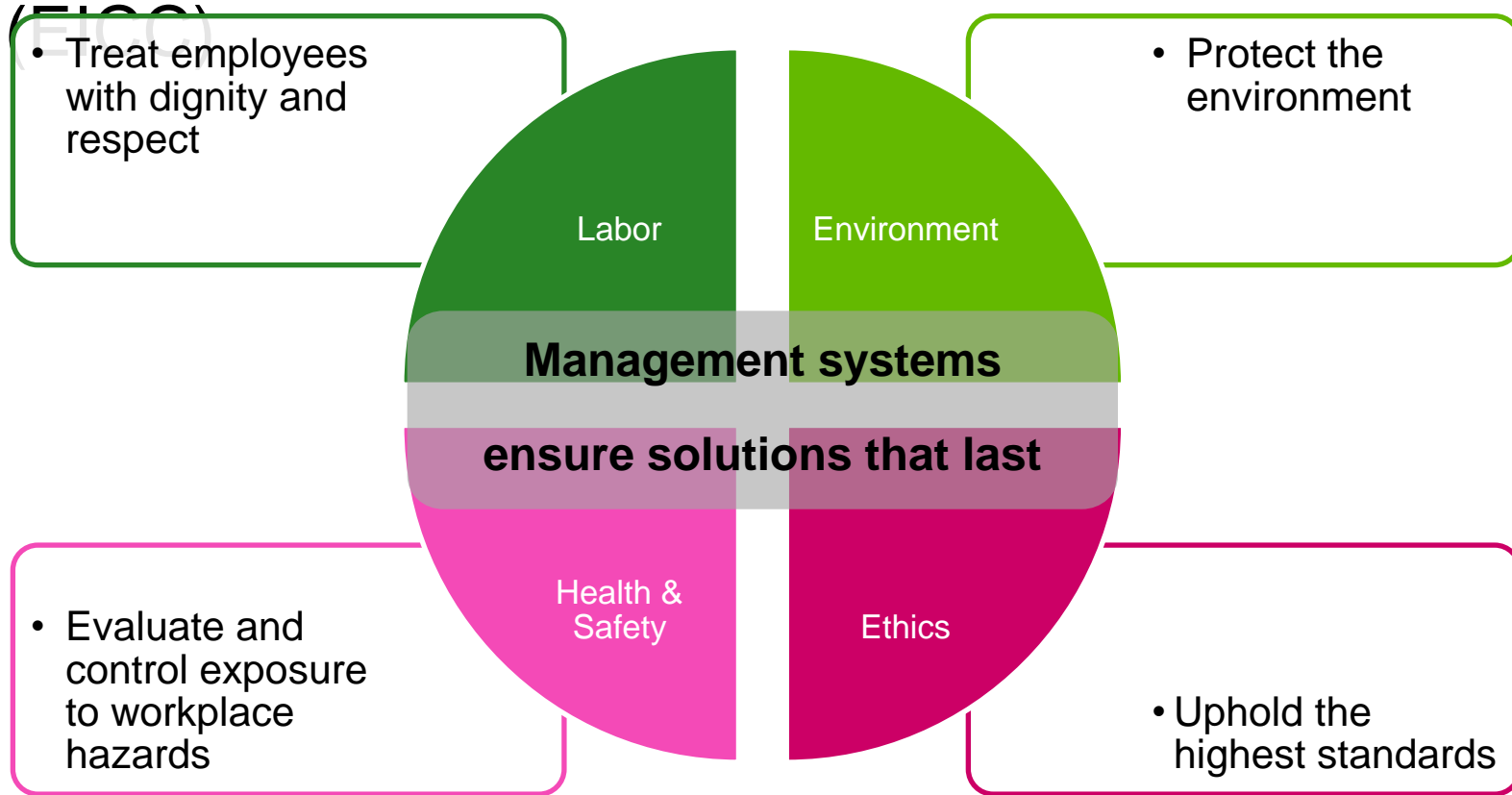
EICC PROVISIONS

HP Electronic Industry Code of Conduct

- Supplier understanding of Code requirements
- Code applied to site operations
- Compliance with Laws

- Communication of Code requirements to suppliers
- Process to ensure supplier Code conformance

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

Ethics
- Business Integrity
- No Improper Advantage
- Disclosure of Information
- Intellectual Property
- Fair Business, Advertising and Competition
- Protection of Identity

Management Systems
- Company Commitment
- Management Accountability and Responsibility
- Legal and Customer Requirements
- Risk Assessment and Risk Management
- Improvement Objectives
- Training
- Communication
- Worker Feedback and Participation
- Audits and Assessments
- Corrective Action Process
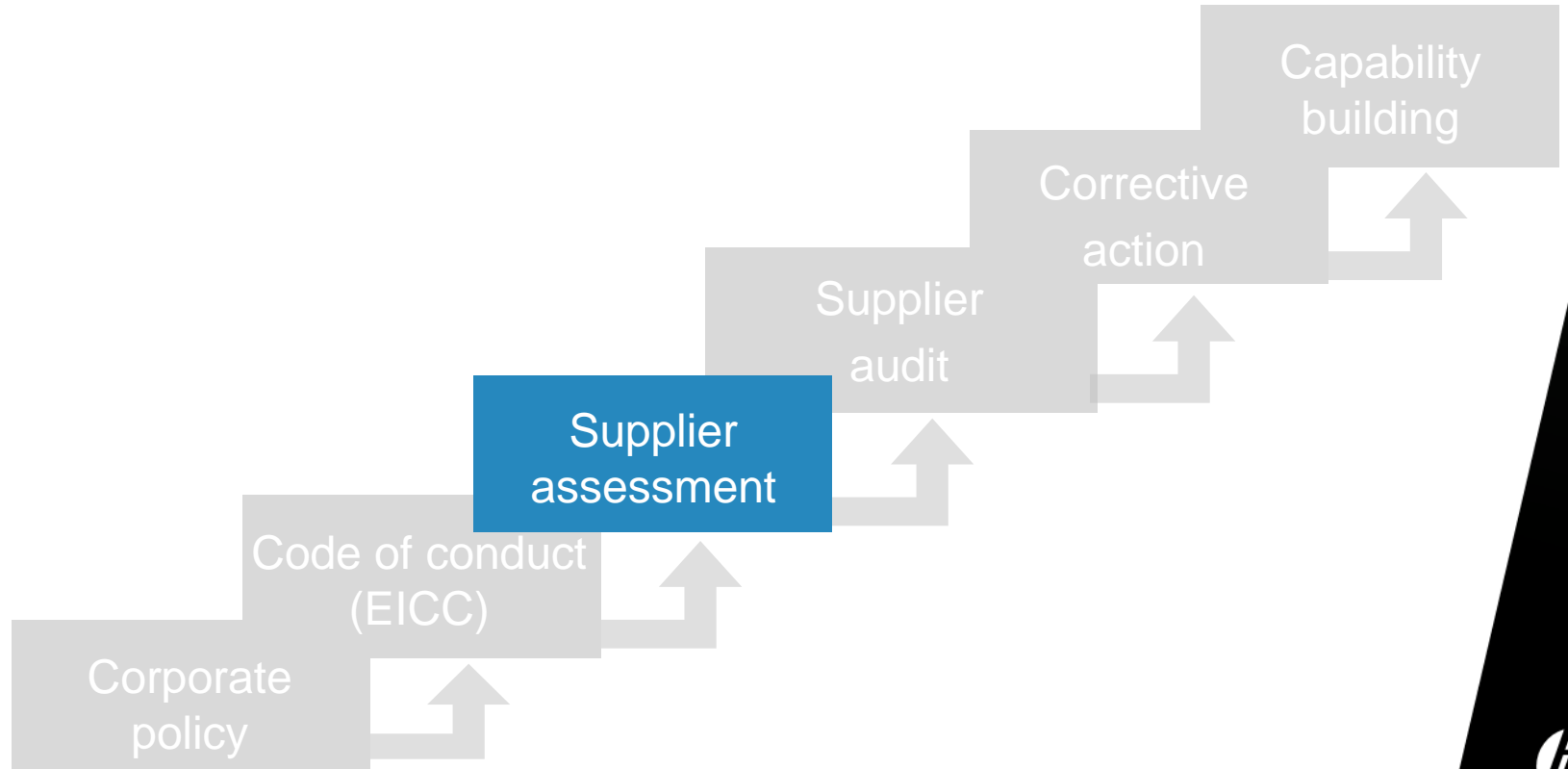- Documentation and Records
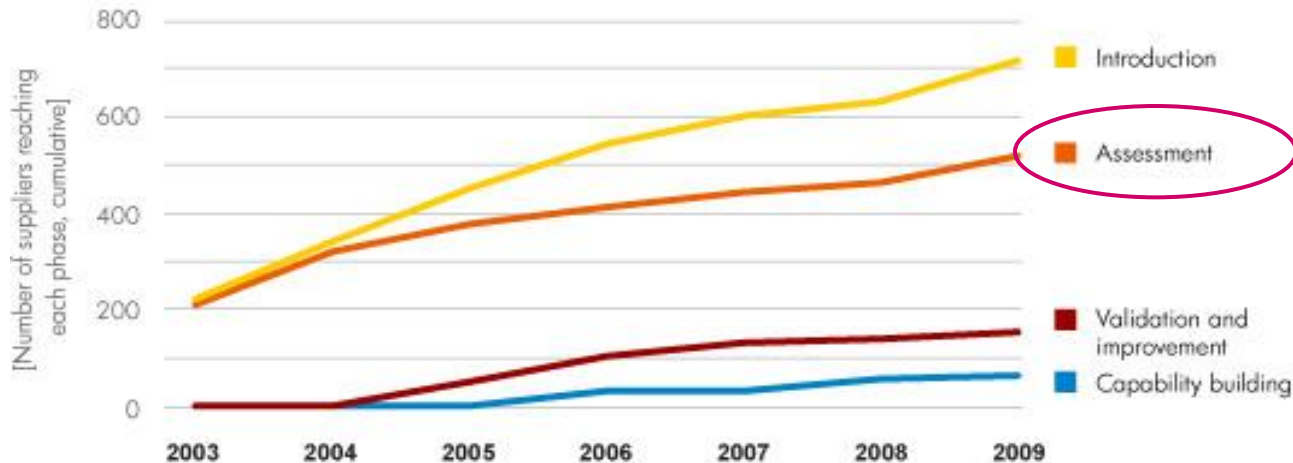
REFERENCES USED TO DEVELOP EICC

- 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
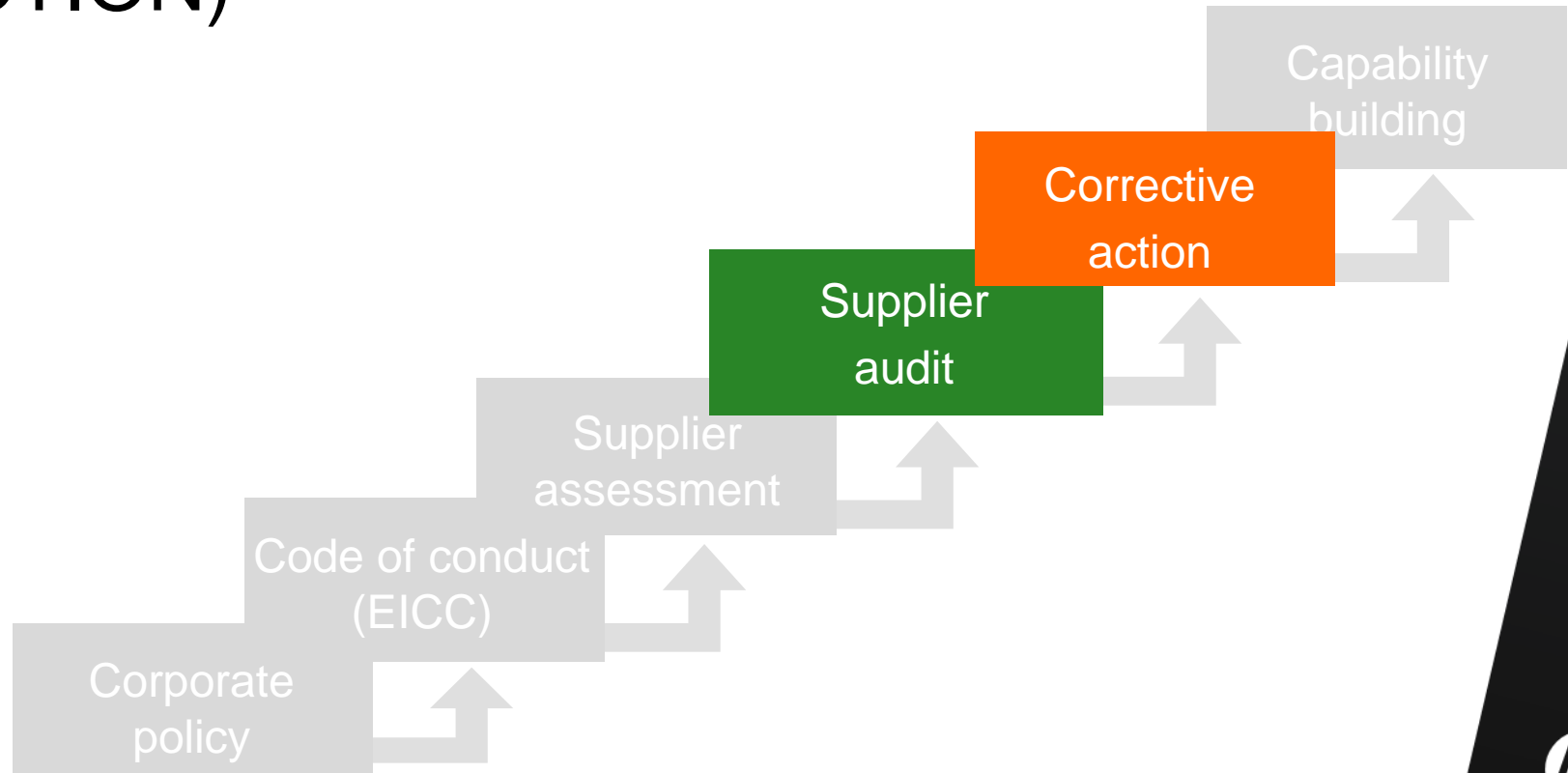
- OHSAS 18001

- Eco Management & Audit System

ASSESSING SUPPLIER RISK

Corporate policy → Code of conduct (EICC) → Supplier assessment → Supplier audit → Corrective action → Capability building

RISK BASED APPROACH

INTRODUCTION	ASSESSMENT	VALIDATION AND IMPROVEMENT	CAPABILITY BUILDING
• HP conducts preliminary risk assessment • SER requirements confirmed in contract	• Suppliers complete self-assessment • HP review and feedback	• On-site audits • Corrective actions, if required • Follow-up audits, if required	• Identify key education areas • Build suppliers' capability in key areas by building their skills, toolset and expertise

VALIDATION (AUDITING & CORRECTIVE ACTION)

Capability building

Corrective action

Supplier audit

Supplier assessment

Code of conduct (EICC)

Corporate policy

COLLABORATIVE AUDITING

- Audits verify conformance and establish if systems exist to ensure continued conformance

- Collaborative and constructive, creating environment for lasting improvement

- Local auditing teams backed by independent verification

SCOPE OF VALIDATION PROGRAM
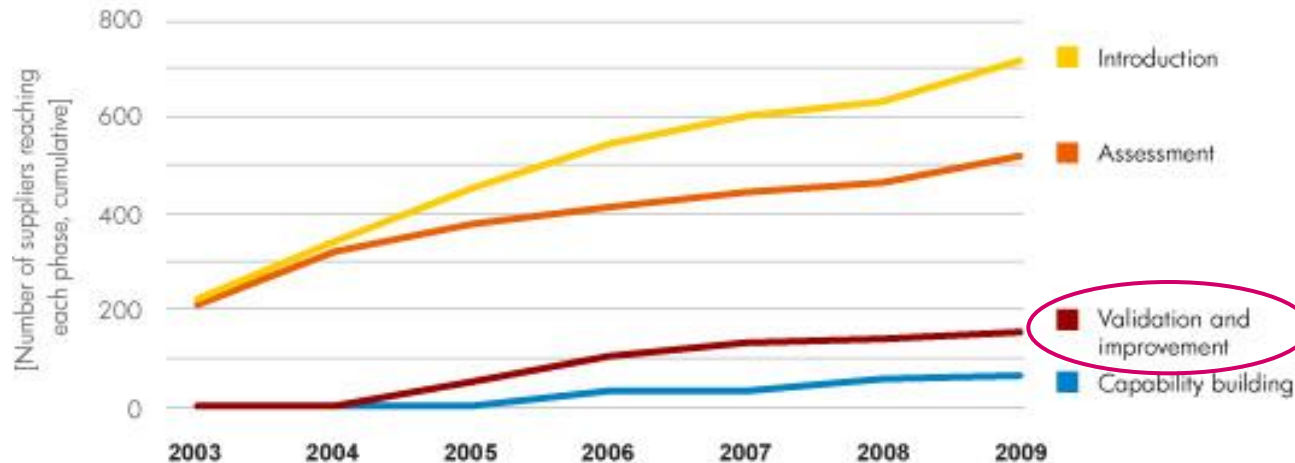
HELPING SUPPLIERS IMPROVE THEIR SKILLS

Corporate policy

Code of conduct (EICC)

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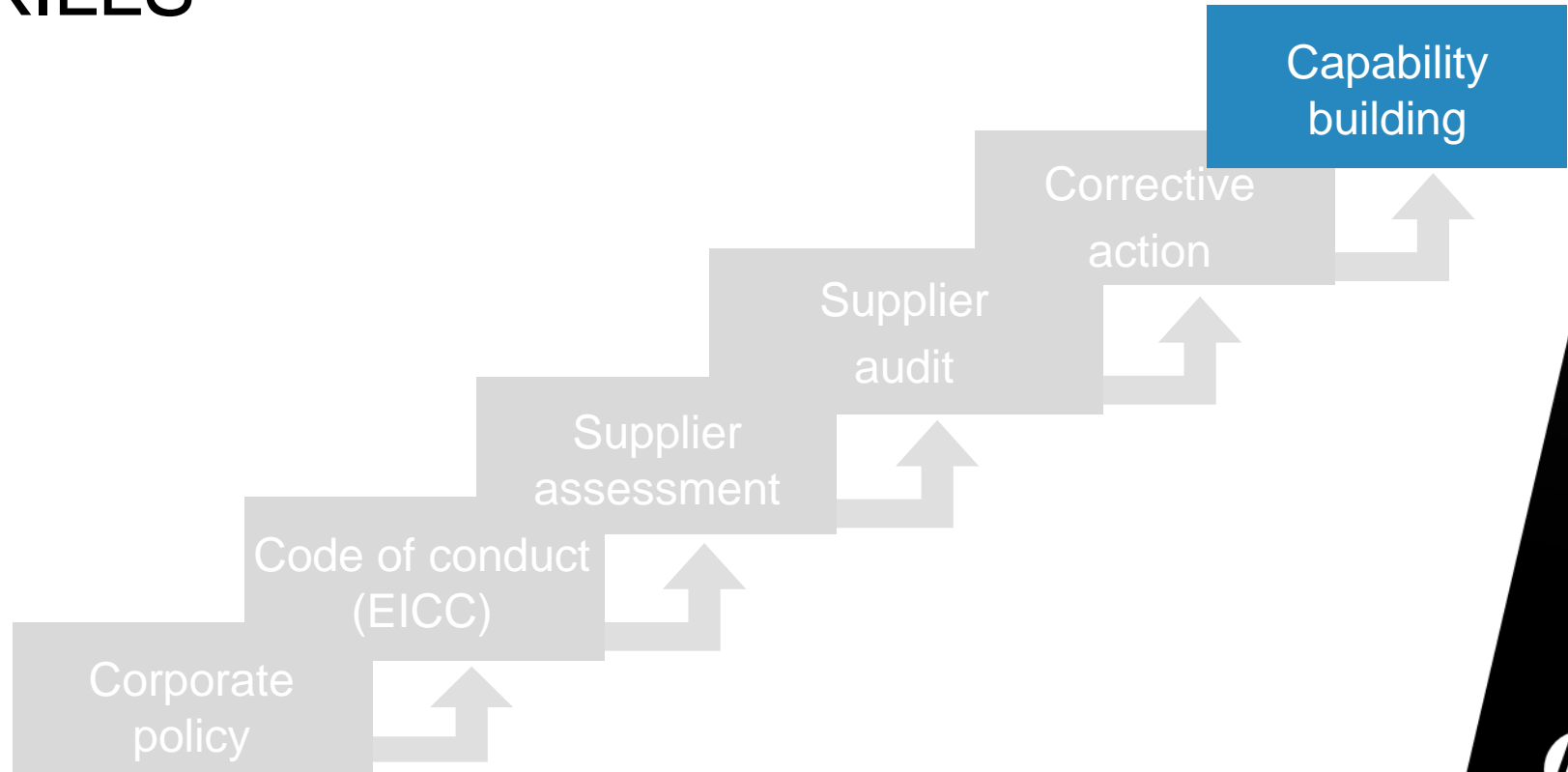
CAPABILITY BUILDING

–Electronic and Multi-Industry Harmonization
- FIAS China Capability Building Strategy
- Global Social Compliance Program
- UNGC Supply Chain Sustainability Guide

–China & Asia Pacific
- Factory trainings with NGOs, FISI & HER Project
- Thailand 2nd & 3rd Tier Assessments & Training

–Europe
- Central European Supplier Responsibility (CESR)
- CSR Laboratory with CSR Europe
- NGO Engagement

–Mexico
- Industrial Association Training Programs
- CEREAL Grievance Management & Training
- HER Project – Women's health in Factories

–*Has reached 60% of suppliers by spend*

HP GLOBAL CITIZENSHIP REPORT

hp.com/go/report

Q & A