



# HP Modern Slavery Act Transparency Statement

HP is committed to acting with integrity, fairness, and accountability, which we believe are fundamental principles underlying an inclusive society and a thriving business. We are uncompromising in our expectations of ethical behavior by our employees, partners, and suppliers. In the following statement published pursuant to the Modern Slavery Act 2015<sup>1</sup>, we discuss our efforts to address modern slavery during the fiscal year ended October 31 2016 (“2016”). Modern slavery, as defined in guidance under the Act<sup>2</sup>, can manifest itself in different ways, including through slavery, forced labor, and human trafficking. We use these terms interchangeably when describing HP’s existing programs and policies. Our statement covers HP Inc. and its subsidiaries. Unless otherwise specified or unless the context otherwise requires, references to “HP,” “we,” “us” or “our” refer to HP Inc. and its consolidated subsidiaries.

## HP’s Business and Supply Chain

HP is a fortune 100 company with over \$48 billion in net revenue for 2016, operating in 62 countries, with approximately 49,000 employees. Our printing business provides consumer and commercial printer hardware, supplies, media and services, as well as scanning devices. Our personal systems business provides commercial personal computers (“PCs”), consumer PCs, workstations, thin clients, tablets, retail point-of-sale systems, calculators and other related accessories, software, support and services for the commercial and consumer markets.

From PCs to printers, HP’s unique products require a vast network of suppliers spanning six continents and many tens of thousands of companies. Our aim is to use this large supply chain influence to enable economic opportunities and drive lasting improvements for everyone, everywhere. We have approximately 700 manufacturing suppliers that produce the products we sell and several thousand

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<sup>1</sup> Modern Slavery Act 2015, Section 54 – Transparency in supply chains etc.

<sup>2</sup> [Transparency in Supply Chains etc. A practical guide.](#)

non-manufacturing suppliers that support our operations. We disclose the names of about 80 of our manufacturing suppliers, which in 2016 comprised almost 90% of our manufacturing spend. Our products are manufactured in more than 45 countries and territories, but more than half of our manufacturing is based in the Asia Pacific region.

We have multi-year agreements in place with our major manufacturing suppliers. These long-term contracts and relationships allow us the opportunity to build awareness and capability to meet our expectations for supply chain responsibility, including the implementation of policies and processes to address the risks of modern slavery.

Our supply chain responsibility program primarily focuses on engagement with the suppliers with whom we have a direct contractual relationship, our manufacturing suppliers. We also require that these suppliers mirror our expectations with their suppliers. Where we do not have direct relationships, we believe that industry collaboration can be used to appropriately create influence in order to drive change. As part of our commitment to address modern slavery, we strive to identify and participate in such collaboration.

## HP's Policies

### HP Governance

Integrity is the foundation of HP's global business and our promise to customers and communities. We hold our leaders, employees, suppliers, and business partners to the highest ethical standards and require their compliance with applicable laws and regulations. We joined the United Nations Global Compact in 2002, aligning our strategies with their ten universal principles, including those addressing human rights and labor. The HP Board of Directors' Nominating, Governance and Social Responsibility Committee oversees HP's policies and programs relating to global citizenship and other legal, regulatory, and compliance matters regarding current and emerging political, environmental, global citizenship, and public policy trends. HP's Chief Ethics & Compliance Officer oversees implementation of our Standards of Business Conduct. HP's Chief Supply Chain Officer oversees implementation of our human rights commitments (found within our [Sustainability Policy](#)) and designs processes to prevent, mitigate, and remediate related impacts.

### HP Operations

Core expectations for our own operations are clearly described in [HP's Standards of Business Conduct](#). HP's Sustainability Policy includes our commitment to take action against the offenses that comprise modern slavery as well as other expectations regarding human rights, such as ethical behavior, dignity and respect, health and safety, fair employment, freedom of association, and privacy. Our employees are expected to report any concerns they have with respect to non-conformance with any of these policies, and our management is expected to act upon any such concerns. Contingent workers must similarly comply with the [HP Contingent Worker Code of Conduct](#).

### Supply Chain

Key expectations of our suppliers are contained in [HP's Supplier Code of Conduct](#), which incorporates international labor and human rights principles. Our contracts with those suppliers require them to ensure that workers associated with HP production at supplier facilities have: (i) the right to freely chosen employment; (ii) the right, in accordance with local laws, to join labor unions on a voluntary basis, to bargain collectively as they choose and to engage in peaceful assembly; and (iii) the right to a workplace free of harassment and unlawful discrimination. HP's manufacturing suppliers also agree that their operations comply with applicable laws regarding forced labor and human trafficking.

We recognize that certain groups of workers in our supply chain may be more vulnerable than others to risks of modern slavery and have developed two specialized standards that are applied in targeted jurisdictions.

- To protect young workers (16 and 17 years old), contracted dispatch workers, and students, we require suppliers with facilities in the People's Republic of China to conform to our [Student and Dispatch Worker Standard](#). This standard requires that students make up no more than 20% of the workforce, and that all student work is voluntary, meets local regulations, and furthers a student's education.
- We believe foreign migrant workers are especially at risk for exploitative labor practices and forced labor. To respect their rights, HP became the first IT company to set requirements for suppliers on how they recruit, select, hire, and manage such workers. Our [Foreign Migrant Worker Standard](#) requires direct employment of foreign migrant workers by our suppliers, as well as prohibiting retention of worker passports and personal documentation and the elimination of worker-paid recruitment fees.

## How HP detects and addresses the risks of modern slavery

### HP Operations

Pursuant to the policies for our operations outlined above, HP employees and contingent workers are prohibited from engaging in trafficking in persons, which includes but is not limited to the illegal movement of people, trafficking in persons, sexual exploitation, and the use of forced or child labor of any form. When recruiting HP employees, information provided to potential candidates about the prospective work must be truthful and candidates are not to be charged applicant or recruiting fees.

HP maintains a strong culture of open communications. We encourage anyone with a concern to speak up without fear of retaliation. Multiple communication channels make it convenient for employees and other stakeholders, such as business partners and customers, to ask questions or report a concern to HP.

Any concerns or alleged violations of our Standards of Business Conduct or the Sustainability Policy are taken seriously and responded to quickly, with disciplinary or remedial actions where appropriate, up to and including termination.

To monitor and manage emerging risks, we record any allegations of child, forced or prison labor in a global case management system. This allows us to spot potential business and geographical trends that may affect these risks and determine whether additional controls are necessary. In 2016, we conducted a human rights assessment of functions that own relevant policies in order to review how their programs respect human rights.

### Supply Chain

HP's supply chain responsibility program focuses on protecting and empowering workers while simultaneously creating benefits for us and our customers. With our supply chain policies and standards as a baseline, the closely related program elements of detecting and addressing the risks of modern slavery are part of a broader approach to identify and mitigate social and environmental responsibility issues. HP works to identify and characterize sources of risk and their context, which can be identified at a global or regional level, and at the level of individual manufacturing and non-manufacturing suppliers.

Our manufacturing supplier risk assessment for indicators of modern slavery considers the supplier location, what they make, supplier reputational or business information, and external stakeholder information. Typically, if the supplier is considered a medium- or high-risk supplier, we require the completion of a

self-assessment questionnaire. HP reviews and provides feedback to the supplier and may require an improvement plan. To evaluate risks related to modern slavery, we analyze indicators such as employment of vulnerable worker groups, the use of third party agents in the recruitment or management of workers, and supplier operations in geographic areas that have elevated risks for forced labor or human trafficking. The information received through our risk assessment informs our annual manufacturing supplier audit prioritization process, capability building, and other program activities. If an audit is scheduled, it will evaluate the supplier's conformance to HP's Supplier Code of Conduct and/or specialized HP labor standards. In a typical year, we audit most high-risk manufacturing suppliers and conduct specialized assessments of student worker and foreign migrant worker policy conformance for selected manufacturing suppliers. Our manufacturing supplier audits are conducted by independent third-party auditors through the Electronic Industry Citizenship Coalition ("EICC") Validated Audit Process or by trained and certified HP auditors.

For non-manufacturing suppliers, we start with a social and environmental responsibility risk assessment which considers industry risks associated with the particular category of products or services provided, the geographies in which the supplier operates and whether the country has elevated risks of modern slavery. Medium- or high-risk suppliers must complete a self-assessment questionnaire tailored to their particular industry. Supplier corrective action plans are developed as necessary, and HP auditors may conduct follow-up audits.

A finding of non-conformance with HP's Supplier Code of Conduct or specialized labor standards related to modern slavery does not necessarily indicate that an instance of forced labor or human trafficking has occurred, but may signal a lack of standard operations or procedures to prevent such an occurrence. Following a finding of non-conformance, suppliers are required to produce corrective action plans to resolve the issue. Our auditors are required to escalate any findings or indicators of modern slavery. Suppliers must immediately cease any practices contributing to a significant audit finding and report their corrective action to HP no later than 30 days after the original audit or specialized assessment. The finding will then be re-examined through a site visit to confirm resolution.

## Assessment of effectiveness

### HP Operations

During 2016, a total of 134 issues or concerns were reported by an employee, partner or stakeholder to our Standards of Business Conduct team or another compliance function. There were no reports of issues or concerns that were associated with modern slavery in our operations. In the 2016 HP human rights assessment of our operations, modern slavery was not identified as a risk that would have a severe negative impact that has a likelihood of occurring.

### Supply Chain

During 2016, we conducted 141 manufacturing supplier audits and assessments (which included labor rights), approximately 76% of which were audits conducted by third-party auditors. For non-manufacturing suppliers, we conducted 33 assessments and 2 audits, all of which were conducted by HP auditors. Two types of significant labor-related non-conformances were found during engagements with two suppliers – 1) passport and personal document withholding, and 2) payment of recruitment fees. We required the issues to be immediately addressed and worked with the suppliers to implement corrective action plans. Our annual Sustainability Report (available by June 2017) summarizes manufacturing and non-manufacturing supplier audits, including the number of suppliers reviewed in our assurance program and the aggregated audit results.

Student dispatch worker performance: We track suppliers' performance against the standards set forth in our Student and Dispatch Worker Standard for supplier

facilities in the People's Republic of China, and take appropriate action when they fall short. During 2016, 92% of sites monitored maintained student worker levels at no more than 20% of the total workforce related to HP production.

The HP social and environmental responsibility manufacturing supplier scorecard is used to measure and incentivize supplier performance on a range of factors that includes audit results and other performance metrics. Suppliers who have exceptional performance realize benefit in their commercial relationship with HP. In 2016, the scorecard was used to evaluate select manufacturing suppliers representing approximately 50% of HP's manufacturing spend. This process has enabled continuous supplier improvement.

## **Training**

Our employees are trained annually on the HP Standards of Business Conduct, with a training completion rate of more than 99% of active employees. Following the promulgation of the U.S. Federal Acquisition Regulations combating human trafficking, our human resources recruiters were trained in 2015 to recognize indicators of human trafficking and on HP's relevant policies on anti-human trafficking.

We seek to raise supplier awareness of and conformance to HP's Supplier Code of Conduct and specialized labor standards, including ways to identify and address the risks of modern slavery. HP's supply chain capability building programs have included, for example, worker-management communications training, which provides employees access to mechanisms to raise issues with management or superiors. We have conducted three rounds of workshops to train 152 factory managers on our expectations for student workers, juvenile workers, and young workers in China. Our training modules on social media platforms, such as WeChat, drew close to 700 new subscribers.

In addition to our internal processes and programs, we strongly believe that partnership with other companies and key stakeholders is critical to facing the challenges of modern slavery. We work through the EICC to create and share leading practices and programs to advance improvements to the EICC Code of Conduct and capabilities of EICC suppliers. We seize opportunities to cooperate across the broader business community, for instance becoming one of the founding members of the Leadership Group for Responsible Recruiting, which is focusing on eradicating worker-paid fees. We continue to partner with other leading IT companies to conduct training sessions for Southeast Asian suppliers and labor agents on best practices to prevent risks associated with modern slavery in the recruitment and employment of foreign migrant workers.

**In closing**, we believe our role as a global company is to respect human rights around the world, both in our operations and by influencing our suppliers through our business relationships. Combating modern slavery requires persistence, ongoing due diligence, and continuous improvement. This work is consistent with the fundamentals and core values that HP was founded on: to make a difference in the world and the communities where we operate.

Signed on the Board's behalf by:



**Dion Weisler**

President and Chief Executive Officer, HP Inc.