

HP Inc. Report on Cobalt

July 2018



HP is committed to doing our part to address concerns about the sourcing of cobalt, including from the Democratic Republic of Congo (“DRC”). Since 2016, HP has expanded its responsible minerals due diligence to cobalt consistent with the Organisation for Economic Co-operation and Development (“OECD”) Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (Third Edition, OECD 2016) and the related Supplements (collectively, the “OECD Guidance”)

This report overviews the work HP has conducted with our supply chain, work we have conducted with the cobalt industry, and our published list of identified cobalt refiners.

The design of our due diligence measures took into account our individual facts and circumstances, our downstream position in the minerals supply chain, the OECD recommendations for downstream actors that have no direct relationships to refiners and the use of independent assessment programs to provide information about refiners¹. HP does not buy cobalt from refiners or mines. HP has business relationships with battery cell manufacturers and battery pack manufacturers (“battery-related suppliers”) which are typically three to four supply chain actors removed from cobalt refiners.

Consistent with the OECD Guidance, the design and performance of our due diligence has included the following features:

- **Establishment of strong internal company management systems**, including a [responsible cobalt policy](#); a Responsible Minerals Program team with senior management support; a Supply Chain Transparency System; engagement with battery-related suppliers to communicate and reinforce HP expectations with respect to cobalt; and a company level grievance mechanism that is available internally and externally to report concerns, including those related to cobalt.

¹ The OECD Guidance distinguishes between “upstream” and “downstream” actors. Upstream refers to the minerals supply chain from the mine to the smelter or refiner, and upstream companies include miners, local traders or exporters, international concentrate traders, and mineral re-processors. Downstream refers to the minerals supply chain from smelters and refiners to retailers and includes companies like HP; it also includes metal traders, component manufacturers, product manufacturers, original equipment manufacturers and retailers.

- We trained our battery-related suppliers on the risks associated with cobalt.
- We communicated our responsible cobalt policy to our battery-related suppliers and required them to adopt a similar policy.
- **Identification and assessment of risks in the supply chain**, including through the Supply Chain Transparency System, the mechanism by which risks are identified and assessed in the supply chain. The system is designed to support the Responsible Minerals Program team in systematically surveying, collecting, and analyzing information relating to cobalt refiners sourcing cobalt ore in the supply chain for our products.
 - In 2016, we conducted onsite procurement audits with relevant direct battery-related suppliers to identify the cobalt refiners that may be in our supply chain. These procurement audits included inspections of the labeling of cobalt-containing materials within the suppliers' manufacturing operations as well as a review of purchase orders made by the suppliers' manufacturing operations.
 - In 2017, we required our battery-related suppliers to report the cobalt refiners associated with HP's production using the Responsible Minerals Reporting Template.
 - We ask our battery-related suppliers to encourage the refiners in their supply chain to seek a third-party audit assessment.
- **Design and implementation of a strategy to respond to such risks as they are identified**, including assessment of information on the due diligence practices of cobalt refiners, formulation of a risk management plan, and reporting to senior management.
 - Cobalt sourcing risk is best mitigated by driving cobalt refiners that are contributing to our production to obtain a third-party audit assessment of their due diligence.
 - HP has conducted outreach to cobalt refiners to encourage them to seek a third-party audit assessment.
- **Support of industry organizations to carry out independent third-party audits of facilities' due diligence practices**, including through our membership in the Responsible Minerals Initiative, the industry initiative that conducts audits and assessments of facilities' due diligence activities. HP is focused on building leverage over the cobalt supply chain through collaboration with others to create demand for refiners to conduct their own due diligence.
 - HP was a founding member of the Responsible Minerals Initiative which is developing cobalt-specific tools and programs including:
 - Standardized reporting template for suppliers to report cobalt refiners
 - A Risk Readiness Assessment (RRA) tool for minerals and metals producers and processors to assess and communicate their practices against a performance benchmark "norm" across these issue areas.
 - The development of an audit/assurance system to independently validate that cobalt upstream actors' due diligence practices are aligned with the OECD Guidance.
 - HP was a founding member of the Responsible Cobalt Initiative which involves more than 30 upstream and downstream actors with the following objectives:
 - Conducting supply chain due diligence (including advancing the third-party audit assessments of mining and refining companies)
 - Promoting cooperation with the DRC government, civil society and affected communities that address risk and challenges associated with cobalt
 - Communication of progress and results
- **Annual reporting** through this Report on Cobalt, supplemented with additional information about our Responsible Minerals Program in our annual Sustainable Impact Report, available on our website.

In conclusion, we are striving to create demand for responsible cobalt by setting expectations of our suppliers, conducting due diligence to better understand our cobalt sources, and evaluating those sources and responding to risks. Further, we are acting as a catalyst to encourage others in the industry to develop programs and systems that will enable responsible sourcing and build leverage over upstream actors.

This cobalt refiner list includes the name and location of refiners our suppliers reported to us that were either identified as a cobalt refiner by the Responsible Minerals Initiative or determined by HP as likely be a relevant cobalt refiner. Of the 13 entities listed below, four have completed an assessment and six refiners are participating in an assessment. We are not certain if these facilities contributed to batteries used in HP's production of products.

Cobalt Refiner Name	Country
Freeport Kokkola	Finland
Ganzhou Yi Hao Umicore Industries Co., Ltd.	China
GEM (Jiangsu) Cobalt Industry Co., Ltd.	China
Guangdong Jiana Energy Technology Co., Ltd.	China
Guangxi Yinyi Advanced Material Co., Ltd.	China
Hunan Hina Advanced Material Co.,Ltd.	China
Hunan Yacheng New Materials Co.,Ltd.	China
Jiangsu Xiongfeng Technology Co., Ltd	China
Jingmen GEM Co.,Ltd.	China
Lanzhou Jinchuan Advanced Materials Technology Co., Ltd.	China
Umicore Olen (Umicore)	Belgium
Zhejiang Huayou Cobalt Co., Ltd.	China
Zhuhai Kelixin Metal Materials Co., Ltd.	China