

# Modern Slavery Transparency Statement



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 core values on which HP was founded and strives to live up to each day: to create a positive, lasting and sustainable impact on the planet, our people and the communities where we live, work and do business.

The *California Transparency in Supply Chains Act of 2010*, the *United Kingdom Modern Slavery Act 2015*, and the *Australia Commonwealth Modern Slavery Act 2018* together require businesses to disclose information relating to their efforts to address the risks of modern slavery (including forced labor and human trafficking) in their operations and supply chains. The following statement of HP Inc. and its consolidated subsidiaries<sup>1</sup> responds to these requirements and outlines our efforts in this regard during the fiscal year ended October 31, 2019.

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<sup>1</sup> HP Inc. and its consolidated subsidiaries share the same core business operations and supply chains as well as the modern slavery policies, processes and risks further described in this statement. HP Inc. therefore provides this statement for itself and on behalf of certain foreign subsidiaries that are directly covered by a disclosure obligation in their respective jurisdictions. Currently this includes HP PPS Australia Pty Ltd., pursuant to the Commonwealth Modern Slavery Act 2018, and HP Inc. UK Limited, pursuant to Section 54(1) of the UK Modern Slavery Act 2015. Through this statement, HP also satisfies its obligations pursuant to the California Transparency in Supply Chains Act of 2010. This statement excludes our subsidiary Apogee Group Limited, which intends to provide its own UK Modern Slavery Statement.

## Our Business

HP is one of the world's leading IT companies. The company has operations in 61 countries and territories, with approximately 56,000 employees. Our Printing business provides consumer and commercial printer hardware, supplies, solutions and services, as well as scanning devices. Our Personal Systems business provides commercial and consumer desktop and notebook personal computers ("PCs"), workstations, thin clients, commercial mobility devices, retail point-of-sale systems, displays and other related accessories, software, support and services.

HP Inc. is a corporation incorporated in the state of Delaware with principal executive offices in Palo Alto, California. HP Inc. and its subsidiaries operate worldwide and are collectively known as HP. A complete list of HP Inc.'s subsidiaries worldwide as of the end of its most recently completed fiscal year can be found as Exhibit 21 to HP Inc.'s Form 10-K, filed with the US Securities and Exchange Commission on December 12, 2019.

## Our Operations and Supply Chain

From PCs to printers, HP's unique products require a vast network of suppliers and partners spanning six continents. We have approximately 845 manufacturing suppliers and several thousand non-manufacturing suppliers that provide goods and services in support of our operations. We disclose the names of our manufacturing suppliers that comprise approximately 95% of our manufacturing spend. Our suppliers operate in more than 41 countries and territories, with over half of our manufacturing suppliers based in Asia Pacific.

We utilize a significant number of outsourced manufacturers ("OMs") around the world to manufacture HP-designed and -branded products. This helps us maintain flexibility in our supply chain and manufacturing processes. In some circumstances, products designed and produced by third-party suppliers are sold under the HP brand. We also manufacture, or our OMs manufacture on our behalf, finished products from components and subassemblies that we acquire from a wide range of suppliers. We have direct business relationships with suppliers that represent up to four tiers of manufacturing, including materials, components, sub-assemblies, branded components, and final assembly suppliers.

HP's operations include some manufacturing as well as design and product development, supply chain management, marketing, sales, customer support and administrative operations. Our operations are supported by non-manufacturing suppliers that provide services and facility management.

## Our Policies

### HP Governance

The Nominating, Governance and Social Responsibility Committee of the HP Board of Directors oversees human rights across HP, including reviewing the results of the annual human rights assessment and approving HP's annual company-wide modern slavery statement. The Human Rights Office then works with our local senior management team, in consultation with the boards of our subsidiary entities, as appropriate, to develop, adopt and approve statements that are responsive to local requirements.

HP's Chief Supply Chain Officer oversees implementation of our human rights commitments (found within our Sustainable Impact and Human Rights Policy) and the

design of processes to prevent, mitigate, and remediate related impacts, including any relating to modern slavery and human trafficking.

We also convene a Human Rights Council bi-annually to review the results of our human rights assessment and to develop a plan of action for continuous improvement.

### **Integrity at HP**

Guided by the Integrity at HP program, we apply strong ethics and anti-corruption principles within our operations, across our value chain, and in the communities where we do business. HP's Chief Ethics and Compliance Officer oversees the Integrity at HP program. We require ethical conduct by our employees, suppliers and partners and use our scale and influence to drive progress. We are committed to complying with all applicable laws and regulations everywhere we operate. Through this program, we respect fundamental human rights, for instance through safe and respectful working environments and prohibiting child and forced labor.

### **Sustainable Impact and Human Rights Policy**

Our Sustainable Impact and Human Rights Policy defines the principled commitments that guide the integration of respect for human rights into our supply chain, operations and products. It extends to health and safety, fair employment, compliance with applicable wage and working hour laws, non-interference with employees' control or access to their identity documents or passports, and the ability of employees to resign at any time. In addition, this policy reiterates our strong stance and prohibition against any employee 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.

### **Contingent Worker Code of Conduct**

HP's Contingent Worker Code of Conduct applies to all non-employees performing services for HP on an HP site or who are the face or representative of HP to HP customers ("contingent workers"), and to suppliers of these workers. We expect suppliers and the workers they provide to share our commitment to conducting business with integrity. The contingent worker code is also applicable to HP personnel managing contracts with migrant workers. This code prohibits charging applicant or recruiting fees, and requires compliance with applicable employment standards, non-interference with identity documents or passports, and employees' ability to resign at any time (all local country legislation and Workers Council Agreements apply). Suppliers of contingent work and contingent workers themselves are also prohibited from engaging in trafficking in persons. Finally, the code requires that suppliers and contingent workers adhere to all relevant HP policies.

### **Supplier Code of Conduct**

HP's requirements for all suppliers are contained in the HP Supplier Code of Conduct ("Code"), which incorporates international labor and human rights principles (and aligns with the Responsible Business Alliance ("RBA") code of conduct). HP has purchasing agreements or purchase order terms and conditions in place with our direct suppliers requiring them to comply with international standards and applicable laws and regulations regarding forced labor and human trafficking as specified in the Code. HP's direct suppliers agree that their operations comply with these laws and regulations through their consent to the relevant terms and conditions in their agreements with HP.

The Code expressly requires that suppliers ensure workers associated with HP services and production 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 and to engage in peaceful assembly; and (iii) the right to a workplace free of harassment and unlawful discrimination.

HP presents the Code as a total supply chain initiative and requires our manufacturing and non-manufacturing suppliers to require their next tier suppliers to acknowledge and implement the Code and hand the Code down to their sub-tier suppliers. We also require suppliers to monitor the performance of their next tier suppliers against the requirements of the HP Supplier Code of Conduct.

### **Foreign Migrant Worker Standard**

We believe foreign migrant workers are especially at risk for exploitative labor practices and forced labor. HP was the first technology company to set requirements for suppliers on how they recruit, hire, and manage such workers. Our [Supply Chain 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 requiring the elimination of worker-paid recruitment fees.

## Risks of Modern Slavery

HP monitors the risks of modern slavery through our human rights assessments and due diligence program. Our human rights due diligence program considers our business activities and potential risks to rights-holders consistent with the UN Guiding Principles for Business and Human Rights. We consider risks in our operations (HP offices, HP manufacturing operations, and suppliers that support these operations) where we could cause or contribute to negative human rights impacts. We also consider risks associated with our manufacturing and non-manufacturing suppliers (operating in their own facilities) where we may be directly linked through a business relationship.

In 2019, HP completed a third-party led human rights impact assessment (“HRIA”). A HRIA is a systematic analysis designed to identify potential human rights risks that are associated with a company’s business model and operations. Through this work, the potential for forced labor, debt bondage, human trafficking and child labor were confirmed as salient human rights risks.

The following paragraphs characterize the different business contexts in which industry information and our past experience indicate that there could be a risk of modern slavery.

- In our operations, the risks of modern slavery are predominantly associated with the non-manufacturing suppliers supporting our offices (janitorial, facilities, security, etc.) or our HP-managed manufacturing operations. In the past, we have seen risks associated with foreign migrant workers employed by our non-manufacturing suppliers. HP does not employ any foreign migrant hourly workers.
- In our supply chain, the risks of modern slavery are predominantly associated with our manufacturing suppliers operating in countries where there is high volume of foreign migrant labor and a lack of legal protections and/or enforcement of protections for migrant labor. Specific risks of modern slavery associated with migrant workers at supplier sites include payment of recruitment fees, withholding passports, lack of an employment contract in a language the worker understands, and failure to provide return transportation to country of origin.
- Risks of modern slavery can also occur deeper in our materials supply chain with entities that are more than four supplier actors removed from HP. In these instances, we align our practices with the relevant portions of international guidance, such as the Organisation for Economic Co-operation and Development’s guidance on responsible minerals, and work with other companies to build leverage with intermediate actors deep in the supply chain. Through this work, we are able to influence business relationships with

entities operating in challenging contexts to mitigate the risks of modern slavery, such as those associated with mineral extraction.

## Risk Detection

### Operations

HP maintains a strong culture of open communication. 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 suppliers, to ask questions or report a concern to HP. At HP, we do not tolerate retaliation against anyone who raises a concern or question honestly and in good faith.

Integrity investigations in response to grievances lodged are conducted in a comprehensive, objective manner, and are free from influence by management or the business. All integrity investigations follow a process designed to ensure consistency and fairness. The investigation cycle involves interviews, formal reporting and recommendations under the oversight of the Ethics and Compliance Office, Human Resources, and relevant senior management.

In addition to formal grievances, we track and investigate all potential human rights allegations that are brought to our attention through other channels, such as stakeholder engagements and media relations. All reported grievances and allegations are monitored through to closure, regardless of the source.

We assess risk for HP office locations based on the size and complexity of the facility, the country and the type of complaints and/or grievances previously received. We include 100% of HP-managed manufacturing in our due diligence scope, as well as non-manufacturing suppliers that support these operations.

### Supply Chain

HP considers its supply chain to include (i) suppliers who operate in their own facilities that contribute to manufacturing our products, and (ii) suppliers that provide outsourced services and products that support our operations (including logistics providers and recycling providers). 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, detecting and addressing the risks of modern slavery are part of a broader approach to identify and mitigate social and environmental concerns. 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.

A supplier self-assessment questionnaire is used to prioritize audits. If an audit is scheduled, it will evaluate the supplier's conformance to our Code and/or specialized HP labor standards. Announced audits of certain high-risk manufacturing suppliers are conducted by independent third-party auditors through the [RBA Validated Assessment Program](#) or by certified HP auditors. For suppliers with identified non-conformances related to foreign migrant workers, we engage in quarterly monitoring to encourage continuous improvement.

While all suppliers are expected to meet – and may be required to demonstrate that they meet – the standards set forth in our Code, we place special emphasis on the treatment of foreign migrant workers in our supply chain. To evaluate risks related to modern slavery and conformity to our Foreign Migrant Worker Standard, we analyze indicators such as employment of vulnerable worker groups and the use of third-party agents in the recruitment or management of workers. Our manufacturing and non-manufacturing supplier risk assessment for foreign migrant workers considers supplier location, manufacturing process or services provided, supplier reputational and business information, and external stakeholder information. Typically, if the supplier is

considered a high-risk supplier with whom we have a certain level of spend, we require the completion of a foreign migrant worker self-assessment questionnaire. For non-manufacturing suppliers, high-risk suppliers must complete a social and environmental responsibility risk assessment that addresses a subset of the Code and always includes labor and ethics elements. For selected manufacturing and non-manufacturing suppliers with high risk, we conduct onsite assessments in conformance with our Foreign Migrant Worker Standard.

A finding of non-conformance with HP's Supplier Code of Conduct or any other HP policy or standard 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 operations or procedures to prevent such an occurrence. Following a finding of non-conformance, suppliers are required to produce and implement corrective action plans ("CAPs") to resolve the issue. In addition, we regularly assess our audit findings to make improvements to our approach to detecting and addressing the risks of modern slavery in our supply chain.

Auditors are required to escalate any findings of indicators of modern slavery. Suppliers must immediately cease all practices contributing to a modern slavery audit finding and report their corrective action, within 30 days following the audit. The finding will then be re-examined during a site visit by a third party or certified HP auditor to confirm resolution.

The process to address remedy for workers that paid fees involves many steps. After the supplier is notified of the finding in the audit report, we work with the supplier to agree on a CAP. Our program relies on our business relationship to incentivize suppliers to complete their CAP. In parallel, our local auditing teams help provide the support and feedback suppliers need to achieve resolution and to reimburse the workers. We also work to build suppliers' capabilities through partnerships with external organizations. Suppliers are then able to conduct their own due diligence within their operations. This due diligence involves conducting worker interviews, reviewing documents, and researching migration costs as estimated by external organizations. Once they have confirmed payment to workers (usually via signed receipts or pay slips), HP schedules an onsite validation visit which consists of document review and confidential worker interviews conducted by certified auditors. Finally, we take the additional step of internally monitoring these suppliers from non-conformance identification through corrective action and beyond through our quarterly key performance indicator program to ensure timely resolution and sustained performance. We share this report with HP executives that manage the business relationship.

We ensure that any salient risks we have identified are communicated to the highest levels within our organization's global structure. A summary of any findings and corrective actions relating to modern slavery risks is reported to the Chief Supply Chain Officer and the HP Board of Directors' Nominating, Governance and Social Responsibility Committee and communicated to the boards of our subsidiary entities, as appropriate.

## Effectiveness in Addressing the Risks of Modern Slavery

### Operations

Out of a total of 172 formal complaints received through our grievance mechanism during fiscal year 2019, none were associated with modern slavery risks.

During fiscal year 2019, we conducted 57 audits and assessments, covering most of our HP manufacturing operations, HP offices representing 22% of our employee population, and many of the associated non-manufacturing suppliers that support these operations. All audits and assessments were conducted with certified auditors and 96% were conducted by third party auditors. There were no priority findings associated with modern slavery. We believe these results can be attributed to the scale

and coverage of our training program to address the risk of modern slavery in HP operations.

## Supply Chain

We focus primarily on engagement with suppliers with whom we have a direct contractual relationship. We have multi-year agreements in place with many of our manufacturing and non-manufacturing suppliers. This allows us the opportunity to build supplier awareness and capability to meet our social responsibility expectations, including the implementation of and adherence to policies and processes to address the risks of modern slavery. These agreements require in turn that our manufacturing and non-manufacturing suppliers mirror our expectations with their suppliers.

We conducted 135 manufacturing supplier audits and assessments covering labor rights during fiscal year 2019, approximately 74% of which were audits conducted by independent third-party auditors. For non-manufacturing suppliers that provide goods and services for HP at their own facility, we conducted 70 audits, all of which were conducted by independent third-party auditors.

Eight suppliers were found to have indicators of modern slavery, including charging of recruitment fees and one also had passport and personal document withholding. Two of these suppliers (a manufacturing supplier and a sub-supplier to one of our direct suppliers) were also associated with media reports raising possible indicators of modern slavery. We required the issues to be immediately addressed and worked with the suppliers to provide remedy to the workers and implement corrective actions to adjust their management systems. Our annual Sustainable Impact Report for FY2019 (to be published in mid-2020) will summarize the manufacturing and non-manufacturing supplier audits for fiscal year 2019.

As a part of addressing priority findings identified in the last two years, HP has confirmed remedy to more than 6,500 workers in our operations and supply chain including more than \$2.2 million USD in repayments addressing findings associated with modern slavery occurring in the last two years.

The HP social and environmental responsibility manufacturing supplier scorecard is used to measure and incentivize supplier performance on a range of factors including audit results and other performance metrics. Suppliers who have exceptional performance in these areas realize a benefit in their commercial relationship with HP. This process has enabled continuous supplier improvement. In fiscal year 2019, the scorecard was used to evaluate manufacturing suppliers representing approximately 65% of HP's manufacturing spend.

In 2020, we will deploy new training tools with our non-manufacturing suppliers to reinforce our policies and requirements that involve labor and grievance mechanisms. We will continue to conduct audits at HP offices and complete audits of 100% of our HP manufacturing operations every two years.

## Other Initiatives

### External Collaboration

Consistent with the United Nations Guiding Principles on Business and Human Rights, we work to build influence in our business relationships with suppliers by partnering with other peer companies and key stakeholders. We work through the RBA to create and share leading practices and programs to advance improvements to the RBA Code of Conduct and capabilities of its member suppliers. HP's Director of Human Rights and

Supply Chain Responsibility is the chair for the steering committee of the RBA Responsible Labor Initiative, a multi-industry, multi-stakeholder initiative focused on ensuring that the rights of workers are consistently respected and promoted. We seize opportunities to cooperate across the broader business community, for instance becoming one of the founding members of the Leadership Group for Responsible Recruitment, which is focusing on eradicating worker-paid fees. Finally, we initiated a project in mid-2019 with Shift<sup>2</sup>, utilizing their Valuing Respect Project to develop predictive indicators along the migrant labor supply chain. These indicators will be applied to our suppliers and their recruitment agents (sending country agents, migration agents and receiving country agents). The intent of this project is to develop and pilot indicators to measure practices and behaviors within the labor supply chain that would better reflect processes and assurances that migrant workers are being recruited into a freely chosen labor situation.

## Training

Our employees are trained annually on Integrity at HP, with a training completion rate of more than 99% of active employees. The training sets out our company expectation that all employees comply with Integrity at HP, which includes provisions prohibiting the use of child, prison, forced, or trafficked labor in HP operations. HP also provides an annual training for relevant procurement staff that provides context on forced labor and slavery, how to identify the signs of forced labor conditions, a summary of HP's policies and standards to combat modern slavery, whom to contact for help, and how to report concerns.

We also 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 program conducts regular workshops on the RBA Code of Conduct and educates suppliers on our Foreign Migrant Worker Standard. In fiscal year 2019, HP assisted with the organization, marketing and implementation of workshops held in China, Malaysia, Taiwan, Thailand, and Singapore involving nearly 300 supplier managers and supervisors from more than 40 suppliers.

## Approval

Combating modern slavery is consistent with the core values on which HP was founded and strives to live up to each day: to create a positive, lasting and sustainable impact on the planet, our people and the communities where we live, work and do business. Learn more at [www.hp.com/sustainability](http://www.hp.com/sustainability).

Approved on March 16, 2020 by the HP Inc. Board of Directors, or a committee thereof delegated with authority to address such matters, and signed by:



Enrique Loes  
President, Chief Executive Officer and Member of the Board of Directors, HP Inc.

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<sup>2</sup> Shift is a leading center of expertise on the UN Guiding Principles on Business and Human Rights.