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

Part supplier

Sub-part supplier

EMS supplier

ODM

OEM supplier

End Customer

OEM Customer
WORLDWIDE PRODUCTION

Major locations of HP product materials, components and services suppliers
LONG SUPPLY CHAIN SER HISTORY

- HP Supply Chain Code of Conduct
- SC SER policy
- Supplier self-assessment
- Pilot SC SER audits
- HP SC SER audits
- Capability building
- FISICESR
- HER Project
- Joint audit pilots
- Joint audits launched

Global Citizenship as a corporate objective
1957
2002
2004
2006
2008
2010
MANAGEMENT APPROACH

Corporate policy

Code of conduct (EICC)

Supplier assessment

Supplier audit

Corrective action

Capability building
MAKING POLICY MEANINGFUL

Corporate policy

Code of conduct (EICC)

Supplier assessment

Supplier audit

Corrective action

Capability building
INCLUDE SER IN METRICS OF SUPPLIER PERFORMANCE

Technology

Quality

Supply

Cost

Business

. Social & Environmental Responsibility
CODE OF CONDUCT

Corporate policy

Code of conduct (EICC)

Supplier assessment

Supplier audit

Corrective action

Capability building
ELECTRONIC INDUSTRY CITIZENSHIP

www.eicc.info
ELECTRONIC INDUSTRY CODE OF CONDUCT (EICC)

- Treat employees with dignity and respect
- Evaluate and control exposure to workplace hazards
- Protect the environment
- Uphold the highest standards

Management systems ensure solutions that last

Labor
Environment
Health & Safety
Ethics
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
- Improvement Objectives
- Training
- Communication
- Worker Feedback and Participation
- Audits and Assessments
- Corrective Action Process
- Documentation and Records

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**
- HP conducts preliminary risk assessment
- SER requirements confirmed in contract

**ASSESSMENT**
- Suppliers complete self-assessment
- HP review and feedback

**VALIDATION AND IMPROVEMENT**
- On-site audits
- Corrective actions, if required
- Follow-up audits, if required

**CAPABILITY BUILDING**
- Identify key education areas
- Build suppliers’ capability in key areas by building their skills, toolset and expertise

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[Graph showing the number of suppliers reaching each phase, cumulative from 2003 to 2009.]

**Number of suppliers reaching each phase, cumulative**

- Introduction
- Assessment
- Validation and improvement
- Capability building

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VALIDATION (AUDITING & CORRECTIVE ACTION)

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

INTRODUCTION
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- SER requirements confirmed in contract

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CAPABILITY BUILDING
- Identify key education areas
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[Graph showing number of suppliers reaching each phase, cumulative, from 2003 to 2009]
HELPING SUPPLIERS IMPROVE THEIR SKILLS

- Corporate policy
- Code of conduct (EICC)
- Supplier assessment
- Supplier audit
- Corrective action
- Capability building
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
Global citizenship

HP Chief Executive Officer Mark Hurd provides his perspective on the strategic importance of global citizenship to the world’s largest IT company. Read more.

Supply chain responsibility

In a global supply chain, local issues take on worldwide significance. This raises tough questions for HP, which has the largest IT supply chain. How far do our responsibilities extend? Learn more.

hp.com/go/report
Q & A