



# **Statement Pursuant to the California Transparency and Supply Chains Act of 2010 and the UK Modern Slavery Act of 2015**

Hewlett Packard Enterprise Company (“Hewlett Packard Enterprise” or “HPE”) is committed to combatting the risks of modern slavery in its global operations and in its supply chain. Transparency is an important part of this commitment and is essential to engaging companies, governments, investors, and other stakeholders in a broader dialogue on this important issue.

This statement is designed to meet Hewlett Packard Enterprise’s reporting obligations under the UK Modern Slavery Act of 2015 and the California Transparency in Supply Chains Act of 2010.

Hewlett Packard Enterprise recognizes that modern slavery can take many forms, including forced labor and human trafficking. HPE uses the International Labor Organization’s (ILO) definitions of forced labor<sup>1</sup> and human trafficking in its policies and programs and therefore will use the term “forced labor,” “human trafficking” or “forced labor and human trafficking” instead of “slavery” or “modern slavery” in this statement.

## **Business structure/supply chain overview**

Hewlett Packard Enterprise is a leading global provider of cutting-edge information technology solutions. HPE customers range from small and medium-sized businesses to large global enterprises.

The Global Social and Environmental Responsibility (SER) Team in the Ethics and Compliance Office, which resides within the Office of Legal and Administrative Affairs, is responsible for establishing and coordinating the policies, programs, and processes governing HPE’s approach to human rights and ethical conduct in the supply chain. The Global SER team works closely with dedicated individuals in the product supply chain, indirect procurement, corporate affairs and other organizations to implement and manage policies and programs in our operations and in our supply chain.

HPE sources its products and services from a worldwide network of suppliers. Since 2007,<sup>2</sup> we have disclosed a [list of our production suppliers](#). Since 2013, we also have disclosed a list of smelters, refiners, recyclers and scrap processors for tin, tungsten, tantalum, and gold that our direct suppliers have reported to us as being in their supply chains. For more information, see [HPE Conflict Minerals Report for Calendar Year 2016](#) and the [HPE 2016 Living Progress Report](#).

Many of HPE’s direct suppliers are large companies themselves, and have a network of supplier facilities from which HPE products are manufactured. Depending on product needs and operations, the individual facilities supplying to HPE can change. On average, however, almost half of HPE’s direct supplier facilities are located in China and one third is located in East and Southeast Asia (not including China).

Through research, on-site due diligence, and engagement with supplier facilities and industry groups, HPE identified the following high risks in its supply chain: the risk of forced student labor in China, and the risk of forced labor specific to foreign migrant workers in Taiwan, Malaysia, and Singapore.

<sup>1</sup> International Labor Organization (ILO). (n.d.). What is forced labor, modern slavery, and human trafficking. Retrieved February 28, 2018, from [ilo.org/global/topics/forced-labour/definition/lang-en/index.htm](http://ilo.org/global/topics/forced-labour/definition/lang-en/index.htm).

<sup>2</sup> On November 1, 2015 Hewlett Packard Enterprise became an independent publicly traded company following the separation of Hewlett-Packard Company into two entities. To avoid confusion, HPE, as used throughout this report, refers both to pre-separation HP as well as HPE.



## Policies

Hewlett Packard Enterprise believes that all people should be treated with dignity and respect. HPE's broad commitment to respect human rights is set out in its [Global Human Rights Policy](#), HPE's [Standards of Business Conduct](#) and U.S. Public Sector Anti-Human Trafficking Policy contain prohibitions on forced labor and human trafficking—as well as conduct that can contribute to forced labor and human trafficking. HPE's external relationships (i.e., supply chain and partner relationships) are governed by HPE's [Supplier Code of Conduct](#), [Supply Chain Foreign Migrant Worker Standard](#), [Student and Dispatch Worker Standard for Supplier Facilities in the People's Republic of China](#), [Partner Code of Conduct](#), and [Contingent Worker Code of Conduct](#).

## Program approach

Our supply chain responsibility program reflects years of research and engagement and incorporates our ongoing risk assessments. Those risk assessments have indicated, and continue to indicate, that the risks of forced labor and human trafficking are highest in our supply chain, specifically at the sites where our products are manufactured. Our Supplier Code of Conduct has long prohibited forced labor and human trafficking. We commission independent audits against our Code, and we supplement those audits with assessments on specific risk areas. We require our key suppliers in high-risk locations to provide additional monthly reporting on key performance indicators such as working hours and vulnerable workers. We also encourage suppliers to apply best practices and support them with training and guidance on specific issues, including combating forced labor and human trafficking. See [Supplier Verification: Auditing, Monitoring and Remediation](#) section below for additional details.

We have taken targeted steps to enhance protection for particularly vulnerable groups that are at heightened risk of exploitation. Our differentiated approach focuses on addressing risks related to foreign migrant workers, and student and dispatch workers in China. In both instances our approach has been to:

- Map and identify the key risks related to how workers are recruited and employed;
- Develop specialized supplier standards—in addition to our Supplier Code of Conduct—to address key risk areas ([Supply Chain Foreign Migrant Worker Standard](#) and [Student and Dispatch Worker Standard for Supplier Facilities in the People's Republic of China](#));
- Conduct supplier training and education on the standards and best practices for employing these workers;
- Develop specialized assessment tools—in addition to our standard social compliance audit—and carry out in-depth assessments for supplier sites employing these vulnerable workers (example: HPE's Foreign Migrant Worker Audit); and
- Collaborate with our suppliers, peers, competitors and other stakeholders on raising our industry standards and sharing best practices for protecting these worker groups.

Thus, through progressive improvements over a period of years, we have built and maintained an approach that addresses not only our supply chain generally, but also these particularly vulnerable groups. For more information on our supplier requirements and engagements, see the [Supplier verification: auditing, monitoring and remediation](#) section below.

## Accountability

### Employees

Uncompromising integrity is one of HPE's foundational values, and accountability is one of the leadership attributes expected of all employees. Hewlett Packard Enterprise requires all of its employees to comply with our Standards of Business Conduct (SBC), which includes provisions prohibiting the use of child, prison or forced labor in HPE operations. HPE trains employees on the SBC annually and takes seriously alleged violations of company policy. We respond to allegations promptly and conduct investigations when appropriate. Violations of the SBC or other HPE policies may result in disciplinary action, up to and including termination.

Hewlett Packard Enterprise provides employees with multiple channels for reporting concerns about a potential violation of law or company policy. HPE also provides [mechanisms for external parties to raise potential concerns](#), including those related to forced labor and human trafficking.

For more information on HPE employee trainings, see [Training and Capacity Building](#) below.



## Suppliers

Hewlett Packard Enterprise's supplier agreements require suppliers to comply with all applicable laws and regulations and include requirements relating to HPE's Supplier Code of Conduct.

Through our Supplier Code of Conduct, HPE requires suppliers at a minimum to communicate the requirements of HPE's Supplier Code of Conduct to next-tier suppliers and to monitor those next-tier suppliers' compliance with the Code's requirements. Compliance is evaluated through our comprehensive third-party audits (see [Supplier verification: auditing, monitoring and remediation](#) below for more information on our audit program).

HPE's supply chain social and environmental responsibility requirements, including those related to forced labor and human trafficking, are integrated into HPE's supplier performance management process. HPE communicates its requirements to its suppliers, scores their performance, and communicates with suppliers about their compliance through regular supplier business reviews and day-to-day engagement. HPE requires suppliers to produce a corrective action plan for any issue of non-compliance, and an HPE supplier performance manager tracks each issue to closure.

We incorporate supplier compliance performance in each supplier's Social and Environmental Responsibility (SER) Scorecard. Our SER Scorecard directly ties ongoing product procurement decisions to supplier SER performance, ensuring that SER is prioritized in business decisions. Suppliers with strong SER performance have greater opportunities for new or expanded business with HPE, while suppliers with persistently low SER performance may see reductions in business with HPE. If a supplier fails to meet HPE requirements on preventing risks of forced labor and human trafficking in their operations and supply chains, or has a critical finding related to those requirements, this can have a direct impact on future business awards.

## Due diligence processes to assess and manage risk

### Risk mapping in the supply chain

We work to identify emerging risks in our supply chain at global, regional, and local levels. We analyze information from our supplier monitoring program, worker engagement, extensive stakeholder network, and other external sources to look for, and address risks proactively:

- **Stakeholder engagement:** Hewlett Packard Enterprise engages with a broad range of stakeholders, including workers at HPE supplier facilities (through interviews and capability building programs), industry bodies, governments, socially responsible investors, and non-governmental organizations (NGOs). This engagement allows us to research and better understand practices that can lead to forced labor and human trafficking in the supply chain. For example, HPE is a member of the Responsible Business Alliance (RBA), the RBA's Responsible Labor Initiative (RLI), the Global Business Initiative (GBI), and the Leadership Group for Responsible Recruitment (LGRR), which collectively helps HPE to leverage shared resources, collaborate on new tools, share best practices, and advocate for higher cross-industry standards.
- **Supplier risk evaluation:** HPE evaluates suppliers to analyze the potential for practices that can lead to forced labor and human trafficking. These assessments include preliminary risk assessments, supplier assessment questionnaires, and in-person specialized assessments (including information from worker interviews).
- **External data:** We use information from a wide range of external sources to inform the design of our supply chain responsibility program. These sources include research, reports, and indices from governments and reputable research institutions. We also monitor external sources for new resources as they become available.

To evaluate risks related to forced labor or human trafficking, we take particular care to analyze the following indicators: employment of vulnerable worker groups, the use of third-party agents in the recruitment or management of workers, and supplier operations in geographic areas with potential for elevated risks of forced labor or human trafficking.

We use the information we obtain through our risk-sensing processes to inform our annual audit prioritization process and other program activities, including those intended to address risks of forced labor and human trafficking (e.g., trainings and other capacity building programs).

We primarily focus our Supply Chain Responsibility program engagement on those suppliers with which Hewlett Packard Enterprise has a direct contractual relationship, including final assembly suppliers as well as strategic commodity suppliers. In some instances, where we identify specific risks or an opportunity to have a significant impact, we may engage suppliers deeper in our supply chain, with the support of our direct suppliers, though this approach may have limitations based on our relationships with individual suppliers. We also require our direct suppliers to communicate the requirements of HPE's Supplier Code of Conduct to the next tier of suppliers and to monitor those suppliers' compliance with these requirements.



## Supplier verification: auditing, monitoring, and remediation

We conduct verification of supplier compliance through multiple means. We use supplier self-assessment questionnaires, comprehensive audits, specialized assessments and our key performance indicator program. We also promptly investigate any third-party allegations related to forced labor or human trafficking.

Comprehensive, independent third-party audits evaluate supplier performance against our full Supplier Code of Conduct, including the provisions on freely chosen employment. The majority of these audits are conducted through the RBA (formerly EICC) [Validated Assessment Process \(VAP\)](#). We supplement these audits with specialized assessments that target key risk areas, such as recruitment and employment practices for foreign migrant workers. These assessments are carried out by independent third-party auditors with specific expertise related to the issue area. Within each of those audits and assessments we identify potentially high-risk practices as well as weak controls, or systems to manage risks of forced labor and human trafficking. In 2017, 81 audits and assessments were conducted at supplier facilities. (For more information on our audit program, please see [HPE Living Progress](#).)

As a matter of general practice, we announce audits in advance and conduct them in the presence of facility management, as doing so contributes to building and maintaining strong relationships and fostering supplier ownership of SER performance. However, we will conduct an unannounced audit if circumstances call for it.

A finding of non-compliance with HPE requirements does not necessarily indicate that forced labor or human trafficking has occurred, but may indicate inadequate operating standards or procedures to prevent such an occurrence. In any event, in a case of non-compliance, a supplier is required to produce a corrective action plan to outline how it intends to resolve the issue. HPE then reviews the plan and approves or requires further refinement. A supplier must cease any practice that contributes to a critical labor issue and must promptly report its corrective actions to HPE. Hewlett Packard Enterprise or a third-party auditor will then re-examine the finding through a site visit to confirm resolution.

In addition to audits and assessments, we also require select suppliers in high-risk locations to provide monthly reporting on key performance indicators, such as working hours and the employment of vulnerable worker groups. Audit and assessment data, as well as data on responsiveness to corrective action plans, are incorporated into a Social and Environmental Responsibility Scorecard (as explained earlier).

## Training and capability building

### Internal

All HPE employees must complete annual training on the HPE Standards of Business Conduct (SBC). The SBC specifically prohibits child labor, prison or forced labor, and physical punishment throughout our operations, or those of our business partners or suppliers. The SBC and training also stress the requirements to treat others with integrity, respect, and fairness through all of our interactions.

HPE requires certain employees to take training courses on key SCR issues and on effective management of suppliers' SCR performance. HPE provides this training for relevant staff who engage with any aspect related to HPE's Supply Chain Responsibility (SCR) program (e.g., procurement, quality control).

We provide more targeted training for HPE employees on Human Trafficking Awareness through our virtual university, Accelerating-U. The purpose of the internal Human Trafficking Awareness training is several fold, including to: 1) emphasize why the employee should care about human trafficking in their role at HPE; 2) provide a definition of "human trafficking"; 3) dispel common myths about human trafficking; 4) highlight key HPE policies that prohibit human trafficking; 5) provide a list of red flags to look for in interactions with colleagues and business partners' employees; and 6) explain how an employee can act on concerns that they or someone else may be in a situation of human trafficking.

Our Human Trafficking Awareness training was updated in 2016 to address changes in the rules that govern the U.S. public sector. We have also conducted a modified version of the training with our internal investigations team to alert them to concerns that could come in through our ethics hotline.



## External

In 2011, Hewlett Packard initiated a supplier training program on forced labor risks. Since then, we have held numerous focused trainings designed to help suppliers understand HPE's expectations as well as expanding standards and requirements from the RBA (formerly EICC), governments and others. The trainings are designed to provide suppliers with the tools, skills, and best practices needed to better implement the requirements outlined in HPE's Supplier Code of Conduct, Supply Chain Foreign Migrant Worker Standard, and Student and Dispatch Worker Standard for Supplier Facilities in the People's Republic of China.

Examples of our training and capacity building activities include:

- **Collaboration:** For the past several years, we have partnered with other leading IT companies, including several of our competitors and suppliers, to conduct these training sessions. By taking this collaborative approach, we reinforce our industry's commitment on this issue and deepen the reach of the program beyond our first tier suppliers. We believe this better protects the rights and wellbeing of workers in our collective supply chains, reduces risks for our companies and for our suppliers, and will lead to better business outcomes. For example, in 2016, we initiated a round of trainings which we co-hosted with Intel®, Google™, Dell Technologies, and NVIDIA® amongst others. The training sessions were held in three countries in Asia determined to have high risks for forced labor and human trafficking. The trainings were facilitated by Impactt Limited and focused on:
  - Breaking down common misconceptions about forced labor;
  - Providing practical guidance on how to develop comprehensive policies and practices to reduce the risks of forced labor;
  - Assessing key risks in their supply chains and developing the tools, knowledge and resources to mitigate these risks;
  - Understanding RBA (formerly EICC) and legal requirements (both local and international); and
  - Identifying clear actions to address current and future challenges
- **Leveraging existing training resources:** HPE also encourages suppliers and other relevant personnel to take courses through the RBA's (formerly EICC) eLearning Academy. Available courses include topics such as understanding the requirements of the UK Modern Slavery Act and California Supply Chains Transparency Act; recognizing and preventing forced labor, working with labor brokers; and understanding the electronic industry's approach to addressing forced labor in supply chains. In 2017, HPE promoted training courses provided by the Responsible Labor Initiative (RLI), part of the Responsible Business Alliance, to suppliers and recruitment agents for additional training and guidance on industry standards.
- **Tailored assistance:** HPE provided on-site capacity building services for several suppliers on an individualized basis. These localized engagement efforts focused on identifying systemic gaps that, if addressed, would improve suppliers' ability to avoid, recognize, and resolve issues.

## Program effectiveness

We have taken significant action in the past few years to improve our efforts to prevent risks of forced labor and human trafficking, particularly in our supply chain, including by tightening our supply chain standards, developing more specialized tools for measuring supplier performance, and conducting focused supplier trainings on how to meet our requirements.

We recognized that, as we raised our requirements and implemented deeper due diligence and monitoring efforts, we might uncover previously unidentified high-risk behaviors. We planned to—and did—partner with our suppliers on corrective actions and capacity building trainings that promoted appropriate management systems to guard against their reoccurrence.

We started our deep monitoring for risks related to the recruitment and employment of foreign migrant workers at supplier sites at the end of 2015 and continued that work in 2016 and 2017. We prioritized for assessment those sites that we evaluated to be highest risk based on location and preliminary information provided through supplier self-assessment questionnaires. All assessments were conducted in Asia by independent third-party auditors.

As anticipated, by conducting more in-depth assessments at sites evaluated as likely to be higher risk, we found more issues of non-compliance with HPE policies and standards, including high-risk practices, as well as inadequate policies and programs to protect against risks of forced labor.



In particular, we identified four critical findings related to risks of forced labor in 2017. The types of findings included:

- Payment of excessive recruitment fees;
- Restricting worker access to personal documentation such as workers' secondary school certificates, national IDs, and/or passports; and
- Requirements to lodge deposits at the outset of employment or to take leave.

HPE has worked intensively with the suppliers in each instance to remediate the identified issues and to strengthen the facility's policies and systems to guard against reoccurrences. The remedial actions to address these critical issues have included:

- Repayment of recruitment fees;
- Return of personal documents, deposits, and savings;
- Changes to company policies and procedures;
- Updates to worker contracts;
- Amendments to labor agent contracts;
- Enhanced labor agent due diligence and monitoring;
- Structured communications to workers on changes to policies and practices; and
- Mandatory trainings on compliance with HPE's FMW standard.

In each instance, HPE has or will conduct a thorough on-site assessment with third-party auditors to validate that all required corrective actions have been completed as discussed. Additionally, each supplier received, or will receive, a significant penalty in their upcoming SER scorecard, which can impact the supplier's future business awards with HPE.

We have taken each finding very seriously and believe that uncovering these issues shows that our approach is working. But based on our understanding of the root causes and enabling factors of these risks, we believe that collaborative action by the private sector, governments, enforcement officials and civil society is essential to long-term and systemic success. We have worked and will continue to promote this collaborative approach even as we individually mitigate the frequency of these occurrences and strive to accurately identify and address these issues when they do occur. We will continue to evaluate how to improve our program through training and supplier engagement to make sure that suppliers fully understand our requirements and are proactively working to ensure conformance with HPE requirements.

## **Public advocacy and collective action**

Hewlett Packard Enterprise views engagement with stakeholders and public advocacy as integral aspects of our overall strategy to address the risks of forced labor and human trafficking, particularly in the supply chain.

We often share our experiences and the challenges associated with combatting forced labor in our supply chain at conferences and other public forums. The goal of those events is to raise awareness of the issue, to help other companies build an internal business case for action on trafficking, and to advance wider stakeholder dialogue about how we can collaborate on meaningful actions to ensure freely chosen employment for all workers.

We also frequently meet directly with experts in government, NGOs, and other organizations that are focused on combatting forced labor and trafficking. We recognize this is a very complex issue and are always seeking to learn more about hidden areas of risk, the ways in which workers are recruited and employed within specific local contexts, and new initiatives focused on tackling these issues across industries.

In 2016, HPE was a founding member of the [Institute for Human Rights in Business \(IHRB\)'s Leadership Group for Responsible Recruitment \(LGRR\)](#) which is pushing for broad, cross-sectoral adoption of the "Employer Pays Principle." While we prohibit employees paying for their jobs in our own operations and supply chain, we recognize that there must be widespread adoption of the same policy by other companies and industries in order to push for meaningful reform in the recruitment industry. As an early adopter of the Employer Pays Principle, we believe it is important to continue highlighting the risks associated with worker-paid recruitment fees. We believe that by partnering with expert organizations and other leading companies, we can help further expand awareness about this issue and help other companies identify the tools they need to adopt this policy in their own supply chains.



In 2016, Hewlett Packard Enterprise and HP Inc. also jointly donated the Hewlett Packard Company Foreign Migrant Worker Supplier Transition Guidance Document to the RBA (formerly EICC) for use by any member. While the document was originally intended to guide suppliers on specific aspects of known foreign migrant worker issues covered in the Hewlett Packard Company standard, we hoped that the elements in the document might provide support to members or their suppliers as the industry continues to work on this challenging topic. We hope that by continuing to expand the universe of available tools, companies will be better able to address risks of forced labor and human trafficking.

This statement was approved by the Board of Hewlett Packard Enterprise Company on April 4, 2018.



Director, Hewlett Packard Enterprise Company

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