

Assessing and Addressing Social and Environmental Responsibility in HP's Supply Chain

Summary

Hewlett-Packard ("HP"), a global technology company operating in more than 170 countries worldwide, works with thousands of suppliers and uses EICC® tools to help identify and resolve social and environmental compliance issues in the supply chain. In 2011, HP found that one of its suppliers had a priority nonconformance to the EICC Code of Conduct ("Code") that needed to be addressed immediately. The EICC tools enabled a quick identification and escalation of the issue, allowing HP to engage its supplier in order to facilitate a quick resolution to the nonconformance.

Background

HP's portfolio spans printing, personal computing, software, services, and IT infrastructure. The company manages over 200 data centers, 380,000 servers, 5.4 million desktops and 17 million IP addresses.

As one of the founding companies of the EICC, HP has been involved in the development and leadership of the EICC since 2004. HP helped to drive the initial goals of establishing a common code of conduct and to provide a common toolset to ensure that suppliers receive a consistent set of standards and measures from their customers.

EICC membership has provided HP with a structured and standard process for assessing and addressing social and environmental responsibility in HP's supply chain. HP utilizes the EICC tools to identify nonconformances to the Code and to give guidance on how to address many corporate responsibility issues in the supply chain. The tools also provide examples of what high-quality supplier corporate responsibility performance should look like.

Key Elements of a Code Nonconformance

The EICC recommends that companies assess risk of corporate responsibility and Code nonconformances in a company's own operations and those of their supply chain. One tool that can be used for this is the Supplier Self-Assessment Questionnaire (SAQ).

The EICC SAQ is often the first step in identifying risks in a facility's operations and areas needed for improvement. It also helps to identify more serious risks that may move a supplier to the next level of scrutiny – an audit.

The EICC also has a defined audit process, the Validated Audit Process (VAP). Through this process, nonconformances are identified and ranked as minor, major, and priority. Priority nonconformances are rare but when they occur require immediate correction and typically deal with serious human welfare and/or environmental concerns.



COMPANY PROFILE

HEADQUARTERS: Palo Alto, California, USA
 LOCATIONS: Global
 INDUSTRY: Information Technology
 FOUNDED: 1939
 EMPLOYEES: 324,600
 ON THE WEB: www.hp.com

CHALLENGE

Identify and address supplier nonconformances to the EICC Code of Conduct.

SOLUTION

Deploy EICC risk assessment and audit tools:

- EICC Code of Conduct
- Self-Assessment Questionnaire (SAQ)
- EICC Audit Checklist

BENEFITS

- Common standard of performance across industry
- Ease of identification of risks, including level of severity
- Common language to use with supply chain on HP's corporate social responsibility expectations

In 2011, HP asked one of its smaller suppliers providing plastic components to complete an SAQ. When HP received the completed SAQ, the answers raised concerns. This prompted HP to instigate an audit of the supplier. The audit, using EICC tools based on the EICC Code of Conduct, uncovered one priority nonconformance in addition to other less severe nonconformances to the Code. The priority nonconformance was related to worker living conditions—workers’ dormitories at the supplier factory were being locked at night – which was identified as a priority due to lack of safety for workers when emergency egress is required.

According to the EICC’s categorization of nonconformances, the situation required an immediate resolution; the HP audit team and representatives from the procurement team responsible for the relationship with the supplier worked with the supplier to fix the matter within a few days. The other nonconformances were also addressed over the following months and a second audit was conducted to validate the supplier corrective actions.

Following these steps the supplier also attended a multi-supplier training program organized by HP to further understand the EICC Code requirements including requirements for workers’ dormitories.

Key Challenges

Given HPs complexity and the changing number of suppliers in its supply chain over time, HP faces the continual challenge of ensuring that all of its suppliers understand HPs expectations for social and environmental responsibility and are in compliance with these expectations. Although suppliers are on a continual improvement journey, priority nonconformances do occur, particularly at smaller suppliers. It is important to have a good risk assessment process, such as the SAQ, to identify risks such that they can be addressed and eliminated.

Lessons Learned

While communicating expectations for supplier compliance is a company’s responsibility, the EICC has a number of tools and methodologies to help. These include the Code of Conduct, the Validated Audit Program, audit guidelines, the audit checklist, capability building trainings, and more. In this case, the EICC tools enabled issue identification and escalation to take place and in a timely way.

Coordination and support from both customer and supplier representatives are also vital to enable change. The team from HP working with their supplier was cross-functional, consisting of two auditors and an internal management team made up of several people from different parts of HP such as the supplier relationship manager, legal, supply chain and social compliance. Support from the supplier relationship manager was critical to allowing this nonconformance process to move smoothly and effectively.

More Information

For more details on HP’s programs, visit HP’s online [Global Citizenship](#) information.

About EICC® (Electronic Industry Citizenship Coalition®)



The EICC was established in 2004 to improve social, economic, and environmental conditions in the global electronic supply chain through use of a standardized code of conduct. The EICC was incorporated in 2007 as an association to ensure greater awareness of the Code, and to expand its adoption across the industry. The EICC includes over 60 global electronics companies. For more information or to view the EICC Code of Conduct, see www.eicc.info or the latest EICC annual report.