



Hewlett-Packard Company  
1501 Page Mill Road  
Mail Stop 1222  
Palo Alto, CA 94304  
www.hp.com

HP takes very seriously the issue of social and environmental conditions associated with the electronics industry supply chain. HP requires all our suppliers in our supply chain to follow the Electronic Industry Code of Conduct (EICC, <http://www.hp.com/hpinfo/globalcitizenship/environment/pdf/supcode.pdf>) which states that HP suppliers must conduct their worldwide operations in a socially and environmentally responsible manner. We expect suppliers to integrate environmental, occupational health and safety, and human rights and labor policies into their business and decision-making processes. HP has made significant progress with our first tier suppliers conforming to the EICC. To date, HP has focused on our first tier suppliers, where we think we have the most influence. In the last year, HP has also made significant progress reaching a good number of second tier suppliers in Eastern Europe, China and Thailand and will continue this effort.

HP acknowledges the reports concerning issues arising from the use of mined metals. After HP's initial response to SOMO's questionnaire in April 2007, HP initiated their own study surveying notebook suppliers to identify the country and mine the metals come from to manufacture our notebooks, or if the metal comes from recycled metals. In order to obtain the information in this paper, HP surveyed at least 15 suppliers, with approximately a 90% response rate. In some cases, suppliers were able to obtain names, even though the metal suppliers or brokers are 3 - 6 tiers down the supply chain from HP.

HP has participated, as a member of EICC/GeSI\*, in the commissioning by EICC/GeSI\* of a report by a metal mining expert from GreenhouseGasMeasurement.com (GHGm), on how various metals (cobalt, palladium, copper, tin, gold, and aluminum) are mined, extracted, recycled, purchased and used within the IT electronics sector, and to understand the influence which the member companies have on these activities, refining and trading of such materials. It is anticipated that the final report will be released by the end of June, 2008.

In general, the broad electronics industry is often a smaller consumer of extractives, particularly when compared to industries that consume much larger volumes of extractives, such as construction and automotive industries. However, there are some extractives in which the electronic industry is a significant user, such as tin, particularly in lead-free solders. HP surveyed three solder paste manufacturers with varied responses ranging from their suppliers observe all applicable legal and societal laws and standards, to they don't believe that they can affect their supplier's practices, to they do not purchase tin from the Democratic Republic of Congo (DRC) or Indonesia. We are working with our first tier notebook suppliers to map their supply chain down to the extractives level to ensure they have robust supplier social and environmental management practices in place with these suppliers.

We are actively working with EICC/GeSI\* to understand our sphere of influence with the electronic industry as a whole. HP views the EICC/GeSI\* and MakeITFair reports on metals extraction as an important part of the ongoing dialogue around the influence manufacturers can have on their extended supply chains.



Hewlett-Packard Company  
1501 Page Mill Road  
Mail Stop 1222  
Palo Alto, CA 94304  
www.hp.com

As an opportunity for further dialogue, we would like to address the six principles from the MakeITFair extractives phase of the electronics supply chain. While the research was underway and the report was being prepared, several non-governmental organizations have launched an awareness campaign focused on the mining of metal used in electronics. With funding from the European Union Government, the "Make IT Fair" campaign has issued the six principles aimed at the responsibility of social and environmental conditions regarding the mining of metal used in electronics products.

### **MakeITFair Six Principles:**

**1. Recognize their [consumer electronics companies] responsibility to extend their supply chain management to include sourcing and mining of metals, as the industry as a whole consumes significant quantities of various metals. Implementation of internationally accepted environmental, social and labour standards for achieving best practice in CSR throughout the supply chain is key.**

#### **HP response to #1:**

The intent of the Electronic Industry Code of Conduct (EICC) is to implement internationally accepted environmental, social and labor standards throughout the supply chain. There are no limits on how far down the supply chain the EICC is intended to reach. HP is limited on how many suppliers, beyond our first tier, we can engage with directly. It is the responsibility of our first tier suppliers to require the EICC to be followed by their suppliers, and so on. HP will request our first tier notebook suppliers to provide declarations of conformance to the EICC, or equivalent, from their metal suppliers.

Raising environmental and social standards throughout the supply chain requires the mining industry to work with the industries it supplies in order to align standards that can be consistently deployed and measured throughout the supply chain. Many of the provisions in the EICC can be considered applicable to mining operations as well, but the EICC was designed for electronics manufacturing processes. Much of the mining sector already has strong codes in place. In summary, we are willing to share best practices to learn from one another.

Our expectation is that the entire supply chain will embrace Corporate Social Responsibility (CSR), and we will at a minimum require that our Tier 1 suppliers comply with the EICC (or equivalent codes) and request that they have the same requirements of their sub-tier suppliers. We are committed to using an industry standard approach with common assessment tools in order to reach a greater number of suppliers.

This methodology is a learning and continuous improvement process. As we expand to different industries they may have different dynamics and may have either their own codes or the manufacturing code may not be entirely appropriate. It will need to be determined how appropriate it is to apply the EICC to the mining sector of the supply chain.

**2. Make efforts to increase the traceability of their metals. To do so, companies should map their supply chain down to the extractives phase.**

#### **HP response to #2:**

HP has been working hard to obtain metal supplier's declaration to the Electronic Industry Code of Conduct (EICC), or equivalent, providing traceability and a mapping of our supply chain down to the



Hewlett-Packard Company  
1501 Page Mill Road  
Mail Stop 1222  
Palo Alto, CA 94304  
www.hp.com

extractives phase. It is not known how much we will ultimately receive or to what extent we can leverage our relationships down several tiers.

Overall, traceability is an area of interest for us, not only for CSR, but also for quality purposes. It may be possible to consider a feasibility study, based on one metal, tin for example, to explore whether it is possible to trace metals all the way through the supply chain. The lack of precise tracking of metal use across sectors makes it challenging to provide an accurate estimate of the fraction of metal supply going into electronics. We are open to discussion and continued exploration of the role, influence and impact we could have by participating or monitoring these other initiatives. Our company does have philanthropic projects in many of these geographies including conflict and weak governance zones.

**3. Give priority to source metals from mining companies that adhere to the principles of multi-stakeholder initiatives, such as the Extractives Industry Transparency Initiative, the Initiative for Responsible Mining Assurance, the No Dirty Gold Campaign, the International Council on Mining & Metals, and the Framework for Responsible Mining, and demand that mining companies from whom they already source, join such initiatives. Attention should be given the following basic standards that are relevant in the extractives industry:**

- a. Obtain free, prior and informed consent of affected communities.
- b. Ensure that projects do not force communities off their lands.
- c. Refrain from dumping mine wastes into the ocean, rivers, lakes or streams.
- d. Ensure that projects do not contaminate water, soil, or air with toxic chemicals.
- e. Cover all costs of closing down and cleaning up mine sites.
- f. Fully disclose information about social and environmental effect of projects.
- g. Fully disclose all money flows to governments.
- h. Adhere to all relevant international labour standards.

#### **HP response to #3:**

Based on the content in the metal supplier's declarations, as described in items 1 and 2 above, we will be in a better position to evaluate priority sourcing of metals from mining companies that adhere to the principles of multi-stakeholder initiatives. Along with the study that was done it was determined that several initiatives exist and should be further investigated for participation.

- Initiative for Responsible Mining Assurance (IRMA) and the associated Council for Responsible Jewelry
- International Council on Mining and Metals (ICMM) – a group of major mining companies working towards mining sustainable development
  - The EICC/GeSI\* team met with ICMM and ITRI in March 2008 and we all agreed to come back together again once the EICC/GeSI\* report is complete.
- Communities and Small-Scale Mining (CASM) – a World Bank effort to improve the economic, social, and environmental performance of artisanal and small-scale mining activities; by establishing productive relationships between local communities, large scale mining companies and government agencies within an equitable and effective legal framework. The work program engages 35 other organizations in 25 countries across different regions, with potential benefits for many thousands of people.
- Extractive Industries Transparency Initiative (EITI) – an intergovernmental program lead by the UK
- UNEP International Panel for Sustainable Resource Management



Hewlett-Packard Company  
1501 Page Mill Road  
Mail Stop 1222  
Palo Alto, CA 94304  
www.hp.com

- The IFC's Community Development department's efforts to educate, coordinate, and support mining companies in this area

As we learned during the recent study, ICMM companies are those that do have principles in line with many of the issues highlighted here. These tend to be the larger mining companies that have resources in place to sign up to these standards and processes. It would be important to investigate further the impact that these principles could have on smaller and more artisanal producers. It may significantly impact and exclude them. Given these smaller producers rely heavily on this work for their livings it would be essential that before any action was taken that consideration be given as to how best to help manage the impact on them. Furthermore, it would be difficult to accomplish this until #1 and #2 are in place/addressed.

**4. In accordance with Global Witness recommendations, extend due diligence work to conflict areas where metals are sourced. Companies should adhere to relevant guidelines. In extreme situations, they should also consider a ban on sourcing from conflict areas where there is a likelihood of money or services directly or indirectly supporting rebel groups or state actors committing war crimes and other serious human rights abuses.**

**HP response to #4:**

We would unequivocally support taking actions to address any illegal or harmful activity, and in extreme situations we would stop using metals from a particular country as has been the case with illegally mined Coltan from the Democratic Republic of Congo (DRC). However, as "Make IT Fair" itself and many other NGOs point out the first response of a responsible company should be to help raise standards in a country and not pull out, which could further damage livelihoods and social conditions overall.

**5. Reduce their consumption of metals sourced from indigenous lands where mining lack community consent and reduce consumption from environmentally sensitive areas.**

**HP response to #5:**

HP believes that reducing consumption of metals sourced from indigenous lands where mining lacks community consent and that reducing consumption from environmentally sensitive areas needs to be a shared responsibility between local governments, communities, mining companies, manufacturers and other stakeholders. We are always in favor of stakeholder and community agreement and would highly recommend concerted efforts to protect and maintain environmentally sensitive areas.

**6. Develop action plans to tackle the issues in the extractives phase of their supply chains. Such plans could include:**

- a. An identification of social, environmental and labour issues and risk assessments.**
- b. A strategy to use their position and their purchasing power within the supply chain to engage companies with more direct ties to mining companies to adhere to the principles and standards referred to above.**



Hewlett-Packard Company  
1501 Page Mill Road  
Mail Stop 1222  
Palo Alto, CA 94304  
www.hp.com

- c. A strategy to join forces with other players in the electronics sector and other end-user sectors to promote widespread adherence to best practice and the principles referred to above.**
- d. These standards are partially based on the principles of other campaigns, such as the No Dirty Gold Campaign and the GoodElectronics network.**
- e. The inclusion of activities in mining areas within the company's broader CSR policies, such as capacity building programs for local community groups or civil society organisations.**
- f. The issuing of a public statement of concern regarding both general mining issues and specific cases.**
- g. A strategy to optimize the use of sustainable recycled materials as a substitution for wasteful production.**
- h. Measures to ensure that artisanal small scale miners are not disenfranchised or excluded from sourcing.**

#### **HP response to #6:**

HP believes that action plans to tackle the issues in the extractives phase of our supply chain will be most effectively handled as a member of EICC/GeSI\*, and by working with existing mining initiatives. HP can offer leverage of our supplier capacity building program. HP is developing strategies to use more recycled materials in our products and to find alternative materials and technologies to replace metals in our products where it is feasible, such as replacing copper with light, <http://h20325.www2.hp.com/blogs/labsblog/archive/2008/05/19/6385.html>.

HP and the electronics industry are already collaborating to look at how these issues can be addressed, and the current research project will help inform next steps and actions. We are also open to engaging with existing initiatives, and participate with all the key players at the table to address these issues. According to preliminary findings from our report, even leading metal and mining companies, which engage in corporate responsibility initiatives and implement best management practices, continue to face significant social and environmental challenges. Responsibility lies first with government, mining companies and financial partners; end-users, like ourselves as manufacturers, are more distant from the mining supply chain and have limited leverage and influence. We would like to continue to explore collaborations that make sense and can have positive impact.

\* Electronics Industry Citizenship Coalition (EICC) and Global e-Sustainability Initiative (GeSI)