

California Transparency Act in Supply Chains

The California Transparency in Supply Chains Act of 2010 (“the Act”) was passed into law and became effective on January 1, 2012. The Act requires many companies, including HGST, to disclose on their websites the efforts they take to eradicate slavery and human trafficking from their direct supply chains. The Act’s required disclosures include verification, auditing, certification, internal accountability and training.

1. Supply Chain Verification and Auditing

HGST’s commitment to global citizenship is strengthened by its membership and commitment to the Electronics Industry Citizenship Coalition (EICC) since 2008, and its adherence to the EICC Code of Conduct. This Code of Conduct addresses supply chain performance expectations for labor, health and safety, environmental practices, ethics and management systems. In the last several years, the EICC has played a significant role in helping increase visibility and attention to slavery and human trafficking throughout the electronics supply chain.

HGST requires that its production parts (PP) suppliers make a commitment to adhering to the EICC Code of Conduct and requires them to perform periodic self-assessments. HGST also performs periodic audits of key suppliers. These audits are coordinated with these suppliers. While HGST does not engage third parties to conduct these audits, some of HGST’s suppliers have been audited by third parties under the EICC’s audit program, or as a result of audits performed by third parties retained by other EICC member companies

We believe that HGST’s requirement that our PP suppliers comply with the EICC Code of Conduct reduces the risks of human trafficking and slavery in our supply chain. HGST expect suppliers to comply with the EICC Code regardless of local business practices or social customs and, as may be requested by HGST, to demonstrate adherence to those codes.

For more information on the EICC and to view the EICC Code of Conduct, visit <http://www.eicc.info/>.

2. Compliance with Slavery and Human Trafficking Laws

PP suppliers contracted to HGST are required to comply with all laws applicable to their business operations. PP Suppliers are also required to provide HGST with a written commitment to the EICC Code of Conduct.

3. Internal Accountability

HGST requires all employees to follow its Global Code of Conduct. Violations of the Code of Conduct may be grounds for employee discipline, up to and including termination of employment. Contractors are also expected to conduct themselves in a manner consistent with these principles. Contractors who fail to comply may be dropped from HGST's supply chain. A confidential hot line is maintained to allow employees and contractors to report any violations of HGST's Code anonymously and without fear of retribution.

4. Training

HGST provides managers and its employees who have direct responsibility for supply chain management with knowledge and information regarding HGST's requirements, including EICC compliance. HGST also encourages our suppliers to participate in the growing number of EICC training programs so they can advance their capabilities. HGST also requires our suppliers to communicate the expectations of Code of Conduct compliance to their next tier Suppliers.