Diversity Mandate to Partner Law Firms

February 8, 2017

Dear Law Firm Partners,

Our vision at HP is to create technology that makes the world a better place for everyone, everywhere. To achieve that vision, business leaders must represent the diversity of our customers and stakeholders.

HP has also made diversity an explicit business goal for our organization. We have the most diverse board of directors in the technology industry. We are one of the top technology companies with respect to women and underrepresented minorities in executive positions. In our legal function, women represent more than 55 percent of our workforce. We have invested in driving diversity at all levels, and I expect no less from our outside law firm partners. I believe we can all do better.

In order to emphasize the business imperative to make meaningful strides in diversity among our law firm partners, HP has implemented a “diversity holdback” mandate. With this we can withhold up to 10% of all amounts invoiced by law firms that do not meet or exceed our minimal diverse staffing requirements. Attached is a more detailed description of the diversity holdback program.

I am counting on your courage and vision to support both the letter and spirit of the “diversity holdback” provision. We hope it will serve as a meaningful tool to improve diversity in our organizations and on our working teams.

I count on you, as our partners, to help make a positive impact on the profession. I look forward to working together to build a more diverse future for all of us.

Regards,

Kim M. Rivera
Chief Legal Officer and General Counsel
HP Inc.
HP's Diversity Holdback Program Summary

How the Diversity Holdback Works (see Section 4 of the Law Services Retention Addendum to HP's Base Services Agreement):

- Applies to all U.S. based law firms with 10 or more attorneys.
- In order to comply with the requirement, firms must field (i) at least one diverse Firm relationship partner, regularly engaged with HP on billing and staffing issues; or (ii) at least one woman and one racially/ethnically diverse attorney, each performing or managing at least 10% of the billable hours worked on HP matters.
- The definition of a “diverse” attorney, including a Firm relationship partner, is limited to race/ethnicity, gender, LGBT status, and disability status.
- An attorney who is both a woman and racially/ethnically diverse, and performs or manages at least 10% of the billable hours worked on HP matters, satisfies the minimal diverse staffing requirement.
- As the name suggests, the staffing is a minimum and more diverse composition of HP teams than required by the diversity holdback provision will be viewed favorably.

When the Diversity Holdback Will Apply:

- Many of your organizations already have teams in place that meet minimal diverse staffing and, thus, the holdback provision will likely never apply.
- The provision will not come into effect until the second year of our engagement with your firms. So, even for those firms that do not immediately meet minimal diverse staffing, there will be ample time to work toward achieving the metric.
- For those who are unable to meet our requirement, the holdback will be applied and it will affect your performance review as a preferred provider.

How You Can Help:

- During the first year of our engagement of your firms, we will test the processes, procedures and systems necessary to ensure that the holdback initiative is implemented fairly and effectively. We will be contacting a number of you to conduct a pilot of the initiative (without any actual withholding) during the course of the first year of your firms’ engagement.
- We will also need your firms' assistance in providing data to track the composition of your HP teams on a quarter-by-quarter basis. As you may be aware, I and over 20 other Fortune 1000 General Counsel have asked the chief legal officers of the Fortune 1000 companies to use the ABA Model Diversity Survey as the basis for our data collection (including with respect to staffing of our matters). This is to ensure consistency, transparency, and fairness in the evaluation process.