



August 17, 2016

Pursuant to **Section 3 of the California Transparency in Supply Chains Act of 2010 and the United Kingdom (UK) Modern Slavery Act 2015, Chapter 30, Part 6, Provision 54**, Lenovo states that we have taken steps during Fiscal Year 15/16 to identify the risk of slavery and human trafficking taking place in any of our supply chains and in any part of our business. As a global personal technology company, Lenovo is devoted to ensuring that our products, employees, sites, and suppliers follow our sustainability commitments. We have formal public corporate policies on Sustainability, Human Rights, and related topics. In addition, Lenovo is a signatory to the UN Global Compact.

Lenovo has been a member of the Electronic Industry Citizenship Coalition (EICC) since 2006. Lenovo's support of the EICC, a nonprofit coalition of electronics companies committed to supporting the rights and well-being of workers and communities engaged in the global electronics supply chain, helps us to demonstrate our commitment to social, ethical and environmental responsibility. EICC members commit publicly to the [EICC Code of Conduct](#) (Code) and must demonstrate their efforts semi-annually in order to maintain their membership. The EICC also convenes regular teleconferences, webinars and other meetings that make us better able to understand and monitor risk associated with labor recruitment practices.

Lenovo requires conformance to the Code by our supply chain to ensure supplier working conditions are safe, that workers are treated with respect and dignity, and that business operations are conducted ethically. The labor section of the code specifically addresses human trafficking concerns.

Our steps taken include the following:

1. **Verification of Risk Potential:** Lenovo considers the potential for human trafficking and slavery to be mainly a risk in production environments where products are manufactured or assembled. However, we require all suppliers (not just production and assembly suppliers) contractually to comply with the EICC Code as well as a formal Supplier Code of Conduct ([http://www.lenovo.com/social\\_responsibility/us/en/Supplier\\_Code\\_of\\_Conduct.pdf](http://www.lenovo.com/social_responsibility/us/en/Supplier_Code_of_Conduct.pdf)). While the EICC membership program requires a risk assessment on at least 80% of direct manufacturing suppliers by spend, and annual audits only on 25% of those identified as high risk, Lenovo exceeds those requirements by assessing and auditing about 90% of our procurement spend. More specifically, we require those suppliers to:
  - a. Self-assess their conformance to the code annually and report using formal EICC templates and tools
  - b. Receive biennial independent third party EICC audits with EICC approved auditors
  - c. Provide audit reports and corrective action plans
  - d. Require their suppliers to comply with the code

We track action items to closure and report program performance to senior procurement

management monthly. Supplier performance to these standards is a key driver in awarding future business volumes.

With respect to Lenovo's own manufacturing facilities globally, we employ the same actions. All worldwide manufacturing locations are self-assessed and audited. Lenovo also conducts additional annual audits of these locations to ensure regulatory and external management system compliance including ISO 9001 (Quality), ISO 14001 (Environmental) and OHSAS 18001 (Health and Safety) certified. All Lenovo manufacturing and development locations are certified to these standards.

Finally, all Lenovo employees are required to certify awareness and compliance to our Employee Code of Conduct.

2. Supplier Audits: As noted above, we require high risk suppliers (our top 90% of suppliers by spend) to receive biennial independent third party EICC audits with EICC approved auditors and to provide the audit reports and corrective action plans. These audits assess suppliers against the entire EICC Code, including Labor, Health and Safety, Environment, Ethics, and Management Systems. It includes many different components such as On-Site Inspections, Document Reviews, and Worker and Management Interviews. Typically we achieve >95% timely execution of these audits. Unannounced audits are only conducted in situations where specific concerns have been highlighted.
3. Certification of Compliance: Supplier certification is demonstrated with the supplier Self-Assessments, Audits and EICC memberships. Suppliers are required to conduct annual standardized self-assessments using the EICC Self-Assessment Questionnaire. (SAQ) and formally submit them with EICC tools (EICC-On). Typically these are provided both at the Corporate and Key Facility level, and we achieve >95% timely submission of these assessments. These assessments serve as the supplier's direct certification. Second, the supplier EICC audits serve as a validation of the actual conformance. Third, for those suppliers who are EICC members, they must demonstrate risk assessment and audit implementation on a semi-annual basis. Approximately 70% of our procurement spend is with EICC member companies.
4. Internal Accountability: Supplier accountability of the program is achieved through a formal management system which includes standardized monthly reporting to senior procurement management based on specific key performance indicators. Specifically we measure:
  - a. % On-Time Self-Assessments, # of Late and # to expire within 3 months
  - b. % On-Time Audits, # of Late and # to expire within 6 months
  - c. # of Late Corrective Action Plans
  - d. # of Late Action Items

Lenovo takes noncompliance with the EICC Code on slavery and human trafficking very seriously. Corrective action plans to remedy all nonconformances are expected to be implemented in the shortest possible time.

In addition to the measures placed upon Lenovo's supply chain, all Lenovo employees are expected to comply with Lenovo's Code of Conduct which includes requirements for

meeting the letter and spirit of the legal and regulatory framework in which we operate, including requirements related to slavery and trafficking. Please see [http://www.lenovo.com/social\\_responsibility/us/en/](http://www.lenovo.com/social_responsibility/us/en/) for more information on Lenovo's Code of Conduct and Ethics and Compliance program for employees. Lenovo employees may be subject to disciplinary action up to and including termination of employment for failing to meet slavery and trafficking standards.

5. Capacity-Building/Training: Education and awareness are key elements of our programs. Internal education and newsletters are provided quarterly for procurement teams. Program highlights, lowlights and next steps are key parts of our monthly reporting. Lenovo provides training on Lenovo's Code of Conduct and Anti-Bribery and Anti-Corruption Policy for all newly hired employees and in subsequent mandatory training sessions. The Code of Conduct informs employees on Lenovo's expectations in the area of ethics and compliance. Please see [http://www.lenovo.com/social\\_responsibility/us/en/](http://www.lenovo.com/social_responsibility/us/en/) for more information on Lenovo's Code of Conduct and Ethics and Compliance program for employees.

Most of our procurement spend suppliers are large enterprises already with active corporate social responsibility programs. The EICC has a readily available Learning Academy with modules specifically related to the California Transparency in Supply Chains Act. In addition, there are modules on hiring and related topics that are particularly relevant to these issues.

Lenovo formally communicates our EICC Code of Conduct requirements to suppliers with semi-annual communications. Additionally our procurement teams are directed to frequently discuss EICC Code of Conduct concerns and other sustainability programs at regular performance interlocks.

For further information, please see Lenovo's Global Supply Chain Sustainability webpages at [http://www.lenovo.com/social\\_responsibility/us/en/global\\_supply\\_chain/](http://www.lenovo.com/social_responsibility/us/en/global_supply_chain/).

This disclosure summarizes the efforts Lenovo has taken in our own business, as well as our suppliers, to eradicate slavery and human trafficking from our supply chain. These efforts, as well as this document, have been reviewed by our Board of Directors and will be published externally.



---

Approved by Lenovo Board of Directors  
Signed by Director