
Lenovo.com

7001 Development Drive
Morrisville, NC 27560

Lenovo™

August 2018

Pursuant to **Section 3 of the California Transparency in Supply Chains Act of 2010 and the United Kingdom (UK) Modern Slavery Act (MSA) 2015, Chapter 30, Part 6, Provision 54**, and in accordance with the UN Guiding Principles on Business and Human Rights, Lenovo confirms we have taken steps during Fiscal Year 17/18 to identify, prevent, mitigate and account for the risk of slavery and human trafficking in our business and our supply chain and have taken action to remediate any known adverse impacts.

Organization Structure

Lenovo is a global technology company with a workforce of over 50,000 and product sales in over 160 countries. Our three main business segments of personal computers and mobile devices (now combined as Intelligent Device Group), and servers and storage are supported by corporate level global supply chain and sustainability teams. Further information about Lenovo, our management, investor relations, and corporate sustainability commitments can be found at <https://www.lenovo.com/us/en/>.

Corporate Policies

Lenovo is committed to ethical corporate citizenship and promoting sustainability in all of its activities. We demonstrate these commitments through transparent and responsible actions driven by our social, environmental, and economic values. These values respect and are informed by those of our stakeholders, including the communities with which we interact. Lenovo expects all employees as well as contractors and consultants who perform work on Lenovo's behalf to report immediately any suspected violations of laws and regulations, the Lenovo Code of Conduct, or Lenovo policies. Lenovo is committed to the absolute highest level of ethics and integrity and has worldwide internal audits that independently validate control and investigation abuses. Our activities are guided by the corporate policies and programs noted below.

Code of Conduct

Lenovo dedicates itself to operating at the highest standards of integrity and responsibility. Lenovo's Code of Conduct includes requirements for its employees to act in an ethical manner, including reporting unlawful or inappropriate conduct, respecting and protecting intellectual property and treating each other with dignity and respect, as well as other areas.

Focus on Employee Welfare

Providing a safe and healthy working environment is core to Lenovo's operating principles. We equip employees with products and equipment that are safe for use. We also focus on implementing and improving processes and controls for preventing work-related accidents, injuries and illnesses. Lenovo's corporate policy "[Responsibility for Employee Health and Safety](#)" focuses on creating and maintaining a workplace that provides for the health and safety of all employees and reinforces the importance Lenovo places on this at every location in which we do business. Lenovo also has an

a member since 2006 and supporting RBA efforts to ensure that working conditions in the electronics industry supply chain are safe and workers are treated with respect and dignity, and that business operations are environmentally responsible, do not fund conflict and are conducted ethically.

Supplier Code of Conduct

Lenovo expects our suppliers to be meet the highest standards of responsible sourcing. All suppliers must comply with Lenovo's Supplier Code of Conduct via contractual terms and conditions. Conformance to Lenovo's Code is assessed as part of the procurement evaluation and decision making process. The key elements of the Lenovo Supplier Code of Conduct are as follows:

- Procurement Values and Ethical Dealings
- Conflicts of Interest and Business Integrity
- Human Rights / Grievance Notification
- Supply Chain Working Conditions
- Climate Change / Environmental Impact / Conflict Minerals
- Non-Discrimination and Non-Retaliation / Supplier Diversity
- Public Sustainability Reports and Policies
- Supply Chain Due Diligence

Conflict Minerals Policy

Lenovo is committed to the responsible sourcing of minerals and to avoiding sources that would directly or indirectly fund conflict or cause human rights abuses. This includes conflict minerals from the Democratic Republic of the Congo and other high-risk areas worldwide. Lenovo uses a collective approach to identifying high-risk areas through cross-industry initiatives like the Responsible Minerals Initiative.

International Standards and Certifications

Lenovo supports the work of many independent, non-governmental international organizations which bring together experts to share knowledge and develop voluntary, consensus-based, market relevant international standards that support innovation and provide solutions to global challenges. Lenovo maintains third-party certification for our internal manufacturing operations to the following standards, and requires evidence of certification to these standards from our suppliers.

- ISO 9001 Certification for Quality Management Systems
- ISO 14001 Certification for Environmental Management Systems
- OHSAS 18001 Certification for Occupational Health & Safety

Identification of Risk

With regards to Lenovo's direct procurement spend, the potential for human trafficking and slavery is largely in the external supply chain for production procurement. This risk exists because many suppliers have access to large, low-skilled labor pools that are vulnerable to exploitation. The risk also exists in other tiers of the supply chain, from component manufacturers, smelters and refiners, to the miners of raw materials.

Lenovo's indirect procurement serves our internal operations and has a much smaller risk in that it represents a small fraction of our overall procurement spend, involves suppliers with fewer low-

Occupational Health and Safety Audits

All of our outsourced development manufacturers and key contract manufacturers receive Lenovo-conducted OH&S audits annually and typically have numerous Lenovo personnel located on site.

Supplier Penalties & Credits

Sustainability performance is used as a measure in the approximately 175 supplier report cards Lenovo issues quarterly. Supplier sustainability performance is an overall multiplier against the aggregate cost, quality, delivery, technology and service criteria score and can significantly influence a supplier's overall rating.

Our top 100 suppliers are scored against 24 key indicators across the RBA Code of Conduct elements and performance, environmental impact goals and reductions, conflict minerals efforts, and sustainability reporting. Top performance results in credits to the overall score, and poor performance results in penalties to the score.

Supplier Relationship Management

We also have a Lenovo Supplier Advisory Council (LSAC) where top senior executives from Lenovo and our top 40 suppliers constituting about 80% of our procurement spend meet semi-annually.

Accounting for Risk

To verify whether adverse human rights impacts are prevented or resolved if they occur, we track the effectiveness of our programs and report them internally and externally. Following is some of the key reporting on the external supply chain.

Internal Reporting & Metrics

Sustainability performance is measured and reported to senior procurement management as follows:

- RBA Monthly Reporting
 - # of suppliers in the validation program
 - % on-time self-assessments, # late self-assessments and # coming due within 3 months
 - % on-time audits, # late audits and # of coming due within 6 months
 - # of late corrective action reports
 - # of open action times
 - # of suppliers with late working hours / time off quarterly validation reports
 - Newsletter of current and upcoming events, programs, issues
 - Full supporting detail on each issue and individual supplier status
- RBA Quarterly Reporting
 - Overall YTD audit scores and yearly trends
 - By Segment YTD audit scores (labor, environmental, OH&S, ethics and management systems)
 - Overall and By Segment “Opportunities for Error” rates
 - Average # of Priority Findings and average # of Major Findings
 - Full supporting detail of each audit finding
 - Recent quarter Working Hour and Time-Off deep dive reporting

being leading indicators. Suppliers with strong sustainability performance coupled with strong performance overall are rewarded with increased business volume and continuation of our business relationship.

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.



A handwritten signature in blue ink, appearing to read "Yang Yuanqing", is written over a horizontal line.

Yang Yuanqing

Director Signature

Director Name

Approved by Lenovo Board of Directors