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The Lenovo logo is a red vertical rectangle with the word "Lenovo" written in white, sans-serif font, oriented vertically from bottom to top.

August 2019

The statement confirms the commitments and programs Lenovo had in place during Fiscal Year 2018/19 to meet the requirements of **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 as well as new requirements coming into effect in 2019 under the Australia Modern Slavery Act (2018)**. This statement is prepared in accordance with the UN Guiding Principles on Business and Human Rights. This document describes the structure, controls, and processes we have implemented to identify, prevent, mitigate and account for the risk of slavery and human trafficking in our business and our supply chain and actions that may be taken to remediate any known adverse impacts.

### **Organization Structure**

Lenovo is a global technology company with 57,000 employees and operating in 180 markets around the world. Our three main business segments of personal computers and mobile devices (now combined as Intelligent Device Group), and servers and storage (Data Center Group) 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 <http://www.lenovo.com>.

### **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 governance values. These values respect and are informed by those of our stakeholders, including the communities with which we interact. Lenovo expects all of its 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 internal Workplace Violence policy which emphasizes that all employees, contractors and guests are expected to refrain from violence, harassment, intimidation or coercion

#### Commitment to Diversity and Non-Discrimination

The Company is committed to providing a work environment free of discrimination and harassment based on race, color, gender, religion, age, nationality, social or ethnic origin, sexual orientation, gender identity or expression, marital status, pregnancy, disability or veteran status.

#### Sustainability Policy

Lenovo's Sustainability Policy states our commitment to ethical corporate citizenship and promoting sustainability in all of our activities. Every organization must support this policy, and each manager, employee and any contractor performing work on behalf of Lenovo bears a personal responsibility to abide by the following principles:

- Provide a safe, healthy, and enriching working environment for our employees
- Be a fair and responsible member of the communities in which we operate
- Work with our supply chain to ensure that Lenovo's values and expectations are upheld
- Extend the benefits of Lenovo experience, products, and successes to the communities in which we operate and contribute to their development
- As employees and as a company, be ethical and responsible citizens

#### Human Rights Policy

Lenovo's Human Rights Policy states our support for universal human rights, including those identified in the United Nations Declaration on Human Rights, and commits to extending these rights to our employees and others directly or indirectly employed in our supply chain. This policy applies to Lenovo's worldwide operations and in those of our supply chain. Every Lenovo organization must support this policy and the following commitments:

- Conduct business in accordance with the United Nations Declaration of Human Rights and the principles of the United Nations Global Compact, and extend those requirements to all suppliers doing business with Lenovo
- Perform due diligence across the value chain to identify risks and avoid complicity in human rights violations
- Provide access to grievance mechanisms, investigate allegations and escalate known cases of human rights abuse to senior leadership
- Integrate training and accountability for respecting human rights across the business and the supply chain
- Engage internal and external stakeholders to address common challenges and advance human rights practices through continuous improvement
- Operate legally and ethically in each country where we do business

All corporate strategies, practices, and guidelines as well as supplier requirements must support this commitment to human rights. Concerns about possible human rights violations must be reported to Lenovo management, who shall take prompt corrective action.

### Supplier Code of Conduct

Lenovo expects our suppliers to 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
- 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
- Supplier Grievance and Concern Notification

### 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

### Responsible Business Alliance (RBA)

Lenovo believes in the benefits of having an industry standard supply chain code of conduct and therefore implements the RBA Code of Conduct externally across our supply chain and internally via our Lenovo Code of Conduct which supports the RBA Code of Conduct principles. Lenovo has demonstrated its commitment by being 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.

### **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 higher-skilled



employees, and has significantly fewer supporting tiers.

With respect to Lenovo internal manufacturing locations, we have direct control over the management and labor force of these operations and believe them to be of very low risk for human trafficking and slavery abuses. Lenovo's line management conducts self-audits, and Lenovo Corporate Internal Audit conducts independent audits. Additionally, our manufacturing sites receive RBA independent third-party audits with RBA-approved auditors and are very visible to Lenovo's global management team. Internal manufacturing represents over half of Lenovo's overall manufacturing footprint.

### **Prevention and Mitigation of Risk**

We implement multiple measures designed to minimize the risk of slavery and human trafficking and drive social responsibility within our business and our supply chain.

#### Contractual Stipulations

Lenovo's standard contracts require suppliers to comply with all laws and the Lenovo Supplier Code of Conduct. Terms and conditions in our standard purchase orders and contracts stipulate compliance.

#### Responsible Partners

Lenovo generally does business with large international and national suppliers who have their own corporate sustainability programs. Specifically:

- 98% of our procurements spend is with less than 100 large suppliers
- 65% of our procurement spend are formal RBA Members
- 90% of our procurement spend are ISO 9001, ISO 14001, and OHSAS 18001 certified

#### RBA Code of Conduct Implementation and Verification

Lenovo's standard contracts require compliance to the RBA Code for all suppliers to ensure supplier working conditions are socially, environmentally and ethically responsible. The labor section of the Code specifically addresses forced labor, child labor and human trafficking concerns.

RBA membership requirements call for an annual risk assessment on at least 80% of Tier 1 direct manufacturing suppliers by spend and annual audits on only 25% of those identified as high risk. Lenovo's implementation exceeds this requirement. We have directly validated compliance for approximately 95% of our Tier 1 suppliers by procurement spend and have additional compliance information on 60% of our Tier 2 and 30% of our Tier 3 suppliers. Lenovo requires our suppliers to:

- Comply with Lenovo's Supplier Code of Conduct and execute an Ethics Contract
- Conduct a risk assessment using the RBA Code Self-Assessment Questionnaire (SAQ) annually and report the results in the RBA On-Line tool
  - Assessments are done at a supplier corporate level and key site level
- Receive biennial, independent, third-party RBA audits with RBA-approved auditors
- Provide audit reports and corrective action plans
- Provide confirmation on closure of action plans
- Require their suppliers to comply with the RBA Code

#### 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 25 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. Key reporting on the external supply chain includes the following examples.

#### Internal Reporting & Metrics

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

- RBA Monthly Reporting
  - Number of suppliers in the validation program
  - Percent on-time self-assessments; numbers of late self-assessments and coming due within 3 months
  - Percent on-time audits, number of late audits and number of coming due within 6 months
  - Number of late corrective action reports
  - Number of open action items
  - Number 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 number of Priority Findings and average number of Major Findings
  - Full supporting detail of each audit finding
  - Recent quarter Working Hour and Time-Off deep dive reporting

#### External Reporting

Several details of the above policies and actions, as well as some of the internal reporting noted above, are available externally in our [Sustainability Report](#) and other information on our [Sustainability Resources](#) pages.



## **Training and Capability Building**

We conduct several education and communication activities throughout the year for Lenovo Global Supply Chain employees and for our suppliers.

### Internal Training

- Monthly Newsletters
- Semi-Annual Sustainability Training
- Semi-Annual Training on Supplier Report Card Penalty & Credits
- Semi-Annual Training on Supplier Code of Conduct
- Annual Environmental Impact Training
- Annual Conflict Minerals Training
- Online training on Lenovo Employee Code of Conduct (for Lenovo employees and contractors with computer access)

### External Capability Training

As noted above, a substantial portion of our suppliers are large international and national suppliers with existing and substantial corporate social responsibility programs, so the need for capability building is lessening. Furthermore, the RBA has a readily available comprehensive Learning Academy with modules on all their programs, guidance and tools. We do however provide:

- Ad-hoc education as necessary
- Semi-annual communications letters on the RBA, environmental impact, conflict minerals, Supplier Code of Conduct expectations and program efforts.

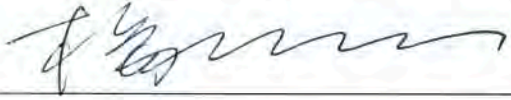
## **Remediation of Adverse Impacts**

In the event of supplier non-conformance to sustainability requirements, several actions may take place, including:

- Immediate discontinuation of business for serious violations
- Track all audit findings to closure and required supporting evidence whenever possible
- Penalize the supplier in the quarterly supplier report card score with the sustainability multiplier
- Senior Procurement management engagement with the supplier
- Executive Lenovo management engagement with the supplier

Ultimately poor sustainability performance results in lower business volume and eventual discontinuation of business. It is our experience that good sustainability performance often comes hand-in-hand with good cost, quality, delivery and other performance attainment measures and vice-versa, with good sustainability performance being a lagging indicator and cost, quality, and delivery 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.



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Director Signature  
Approved by Lenovo Board of Directors

Director Name

