
Lenovo.com

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

August 17, 2017

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 confirms we have taken steps during Fiscal Year 16/17 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 technology company, Lenovo is devoted to ensuring that our products, employees, sites, and suppliers follow our ethical and 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](#) (EICC 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 further enable us to understand and monitor risk associated with labor recruitment (and subcontracting) practices.

Lenovo requires conformance to the EICC 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:

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 (www.lenovo.com/Supplier_Code_of_Conduct).

1. While the EICC membership program requires a risk assessment on at least 80% of direct manufacturing suppliers by spend, and annual audits on only 25% of those identified as high risk, Lenovo exceeds those requirements by striving to assess and audit about 95% of our direct manufacturing suppliers by procurement spend including significant coverage at Tier 2 and Tier 3 levels. More specifically, we require those suppliers to:
 - a. Agree to and execute Lenovo's Supplier Code of Conduct and Ethics contract
 - b. Self-assess their conformance to the EICC Code annually and report using formal EICC templates and tools

- c. Receive biennial independent third party EICC audits with EICC approved auditors
- d. Provide audit reports and corrective action plans
- e. Require their suppliers to comply with the EICC 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 annually to the EICC Code. Lenovo also conducts additional annual audits to ensure regulatory and external management system compliance of these locations, including ISO 9001 (Quality), ISO 14001 (Environmental) and OHSAS 18001 (Health and Safety) certification. All Lenovo manufacturing and development locations are certified to these standards.

Finally, all Lenovo employees are required to certify awareness and compliance with our Employee Code of Conduct. The Lenovo Employee Code of Conduct covers many issues included in the EICC Code, including fair treatment of employees, occupational health and safety, ethical considerations, and others. The Lenovo Employee Code requires employees to treat each other with fairness, dignity and respect; requires that managers ensure employees can raise concerns without fear of retaliation; and commits to providing a safe and healthy work environment. The Lenovo Employee Code includes a commitment to human rights, specifically respecting human rights and conducting business legally, ethically and with integrity and commits to operating with respect to the universal human rights identified by the UN Declaration on human rights. As part of its Employee Code, Lenovo explicitly prohibits the use of child labor and forced labor.

2. Supplier Audits: As noted above, we strive to ensure that suppliers receive biennial independent third party EICC audits with EICC approved auditors and to provide the audit reports and corrective action plans. Currently Lenovo has achieved audit coverage for our top 95% of suppliers by spend regardless if they are classified as high risk or low risk. 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. Unannounced audits are only conducted in situations where specific concerns have been highlighted.
3. Certification of Compliance: Supplier certification is demonstrated with the supplier EICC Self-Assessments, Audits and/or 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, approximately 70% of our procurement spend is with EICC member companies and membership requires semi-annual reporting to EICC. While most of these suppliers do report assessments and

audits, a handful of very large and international suppliers are exempted due to their EICC membership and to a low risk assessment.

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. Percent on-time self-assessments, number of late, and number to expire within three months
 - b. Percent on-time audits, number of late, and number to expire within six months
 - c. Number of late Corrective Action Plans
 - d. Number of late Action Items
 - e. Number of work hours / time off tracking items.

Lenovo takes noncompliance by our suppliers with the EICC Code very seriously. Corrective action plans to remedy all non-conformances are expected to be implemented in the shortest possible time (not to exceed three months). Labor issues associated with employee working hours and time off require two calendar quarters of subsequent reporting to demonstrate sustained performance.

In addition to the measures placed upon Lenovo's supply chain, all Lenovo employees are expected to comply with Lenovo's Employee 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://www3.lenovo.com/us/en/social_responsibility/ for more information on Lenovo's Employee Code of Conduct and Ethics and Compliance program for employees. Lenovo employees may be subject to disciplinary action up to, and including (where applicable laws permit), 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 Employee Code of Conduct and Anti-Bribery and Anti-Corruption Policy for all newly hired employees and in subsequent mandatory training sessions. The Employee Code informs employees on Lenovo's expectations in the area of ethics and compliance.

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

For further information, please see Lenovo's Global Supply Chain Sustainability webpages at http://www3.lenovo.com/us/en/social_responsibility/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.



Director Signature

Approved by Lenovo Board of Directors

Yang Yuanqing

Director Name

