

June 2019

Lenovo Cobalt Policy and Statement

Lenovo is committed to responsible social, environmental and ethical sourcing in our supply chain and to protecting human rights in everything we do. We expect our supply chain to procure minerals and materials responsibly and to avoid all forms of slavery and forced labor, including child labor.

In particular, we support efforts to prevent human rights abuses associated with Cobalt mining.

We demonstrate this through our support of universal human rights principles, supplier contractual requirements, membership in key industry organizations and implementation of policies, programs and tools to identify, prevent, mitigate and address risks. Our specific actions include:

Support of Human Rights Principles

Lenovo supports the following principles:

- United Nations Universal Declaration of Human Rights (and is signatory to the UN Global Compact)
- International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work
- United States Federal Acquisition Requirements (FAR) on Combating Human Trafficking
- OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas
- Lenovo Human Rights Policy (https://www.lenovo.com/us/en/social_responsibility/human_rights_policy/)

Responsible Business Alliance

Lenovo has been a supporting member of the RBA since 2006. The RBA Code of Conduct directly addresses all forms of forced labor, child labor, humane treatment and safety. We implement the Code within our supply chain internally and externally and formally use all RBA programs, tools and methodologies for assessments and audits. All Lenovo manufacturing locations are assessed and audited by independent 3rd party and RBA approved auditors. Externally we similarly validate compliance of approximately 95% by procurement spend including critical Tier 2 and 3 suppliers. Our supplier responsible sourcing requirements are contractually executed in our legal agreements, purchase orders and supplier code of conduct, which directly addresses Human Rights, Conflict Minerals, and Supply Chain Working Conditions. (https://www.lenovo.com/us/en/pdf/social_responsibility/Supplier_Code_of_Conduct.pdf)

Responsible Minerals Initiative (RMI) and Cobalt

As we have fully supported all industry and government efforts on Conflict Minerals of Tin, Tantalum, Tungsten and Gold (3TG) in the Democratic Republic of the Congo and the covered countries, we will fully support and utilize associated RMI programs and tools for cobalt. The RMI currently working closely with multiple Cobalt stakeholders and is developing the same programs as 3TG. Specifically the RMI has:

- Has formally defined “cobalt smelters or refiners”, identified about 100 entities.
- Established due diligence practices and provided a roadmap for us to manage cobalt risks. The OECD Guidance 5-step approach can equally be applied to cobalt.
- Developed initial tools to implement this due diligence including publish Cobalt Reporting Template, Cobalt Refiner List and Risk Mitigation Protocol.

Looking forward in 2019, RMI will continue to:

- Focus on implementation and upstream risk management
- Outreach to both fine and crude refiners
- Develop risk Mitigation Protocol and applications in different pilot projects.
- Support in-region delegation visit
- Leverage new technology such as block chain, also increase the interest to use block chain and revise the block chain guidelines.

In calendar year 2018, Lenovo has taken the same steps to mitigate human rights risks in our cobalt supply chain as for 3TG, specifically we have:

- Implemented Due Diligence Framework
 - ✓ Followed same OECD 5-step guidelines as for Conflict Minerals

- ✓ Launched the Cobalt Reporting Template (CRT) to collect cobalt refiners in battery supply chain, covering suppliers, which represented about 65% percent of our procurement, spend.
- ✓ Identified 11 smelters and provided the information to the RMI.
- ✓ Reported on cobalt due diligence according to OECD in 2018
- Participated in Industry Initiatives
 - ✓ Active member in the Responsible Minerals Initiative (RMI) to develop standard due diligence tools and audit protocols
- Engaged with Cobalt Refiners
 - ✓ Worked directly with refiners in our supply chain to undergo RMI audits that assure responsible sourcing of cobalt

Lenovo is a participating member of the RMI cobalt efforts, and approximately 65% of our suppliers by procurement spend are also members of the RMI. In 2020, we plan to fully integrate our Cobalt due diligence efforts identical to the mature 3TG programs and will:

- Reissue the cobalt sourcing survey to all suppliers with cobalt content including battery suppliers and out-sourced manufacturers
- Continue to active engagement with RMI Cobalt work group and address any identified risks
- Encourage our upstream suppliers to trace back their supply chains to the refiners and ask them to conduct third-party audits if they have not done so
- Reach out to suppliers and cobalt refiners in Lenovo supply chain, train and educate them on cobalt due diligence, understand the potential risks and how to follow the OECD Guidance

Sincerely,



Global Supply Chain Sustainability Manager

