

LENOVO COMPETITION POLICY

Effective Date: May 16, 2016

Contact Lenovo's Ethics and Compliance Office (ECO), ethics@lenovo.com, if you have any questions regarding this policy.

Who does this policy apply to?

This policy applies to all Lenovo employees (including full-time, part-time, temporary, and supplemental), consultants, and contractors. "Lenovo" includes the Lenovo Group Limited and all of its subsidiaries, present and future. Throughout this policy, the term "Lenovo representative" means anyone who must follow this policy.

Statement of Policy

Lenovo always competes for business ethically and lawfully. As a global corporate citizen, Lenovo complies with antitrust, competition, anti-monopoly, and fair trade laws ("competition laws") in all countries in which we do business. These laws generally prohibit: 1) arrangements with competitors that restrain trade; 2) arrangements with distributors, customers and suppliers that can do harm to the competitive process and consumers; and 3) abuse of market power. Many countries around the world where Lenovo does business have laws that apply to anticompetitive behavior, so the laws that apply to you will vary depending on your location.

All Lenovo representatives involved in competitively sensitive activities must participate in all required training on compliance with competition laws and review periodic communications received on this subject. All Lenovo representatives are required to seek advice from their Geo Legal Department whenever they engage in activities that could raise legal issues under competition laws.

Failure to comply with this policy may result in civil and criminal penalties for Lenovo and the individuals involved and is grounds for disciplinary action, including termination.

Relationships with Customers, Distributors, and Suppliers (Vertical Relationships)

The most common competition law issues you are likely to encounter in your work for Lenovo involve vertical agreements between different parties in the buying/selling (vertical) relationship. In Lenovo's case, this would apply to our relationships with distributors, resellers, and retailers whether the sellers buy directly from Lenovo or buy from one of Lenovo's distributors. These laws also apply to Lenovo's relationship with our suppliers.

Lenovo is free to independently choose its customers and suppliers and determine how it will market, promote, and distribute its products. Lenovo's distributors are independent businesses entitled to make their own business decisions. Many arrangements with customers, distributors, and suppliers, including those discussed below, are not problematic, but issues can still arise under competition law, especially in some geographic regions or if a company has market

power. Market power is often related to the size and dominance of a company and its ability to control prices or exclude competition.

All Lenovo agreements with customers, distributors, and suppliers must serve a legitimate business purpose and must not be entered into for anti-competitive purposes. Check with your Geo/ Regional Legal Department Representative before engaging in the conduct discussed below, which may be illegal or problematic, depending on the laws in your country.

- **Resale Price Maintenance** In many countries, competition laws prohibit Lenovo from engaging in resale price maintenance, which is defined as entering into formal or informal agreements with distributors, resellers, retailers, or customers that require the customer or distributor to set or fix their resale price or price ranges. This behavior can often be combined with an attempt to enforce these arrangements with threat of termination of the relationships or sanctions. For example, Lenovo would be engaging in improper resale price maintenance if Lenovo forced a distributor to sell-out products at a specific price to a second tier reseller or if Lenovo encouraged a second tier reseller to offer a specific price to an end user customer. In most countries, Lenovo can set a maximum sales price. However you must check with your Geo Legal Department before setting any pricing within the buying/selling (vertical) relationship. Avoid all discussions with partners in the buying/selling relationship about sell out price, and do not influence or try to suggest a fixed price at which end-user customers can buy products from Lenovo's partners in the buying/selling chain. Avoid all negotiations and discussions with end user customers about resale price.
- **Tying or bundling** Conditioning the sale of one desirable product or service on the customer purchasing some separate and unrelated product.
- **Reciprocal Dealing** Requiring a customer, distributor, or supplier to buy from Lenovo before Lenovo will buy from that customer or supplier.
- **Exclusive Dealing Arrangements** Entering a buying agreement with a customer, reseller, retailer, or distributor that the customer, reseller, retailer, or distributor will only purchase from one supplier; or entering into a selling arrangement where a seller agrees to sell exclusively to one customer, reseller, retailer, or distributor. These arrangements are generally not permitted.
- **Price Discrimination** Discriminating with respect to price or discounts for substantially similar products among competing customers. There may be business grounds to justify differentiated pricing. Check with your Geo Legal Department.
- **Refusals to Deal/Termination of customers, distributors, or suppliers** Any termination of an existing customer, reseller, retailer, distributor, or supplier relationships must be supported by a documented legitimate business purpose.

- **Territorial/Customer Restrictions** Entering into agreements between persons at different levels of the distribution chain (e.g., the supplier and the distributor) prohibiting resellers or distributors from reselling outside of their designated territory or customer class or limiting the customers they can sell to or by prohibiting their sale of certain products may be illegal. The European Union has specific rules on these restrictions for EU member countries; consult the EMEA Legal Department for more information.
- **Covenants Not to Compete from Suppliers** Entering into agreements with suppliers not to develop, design, manufacture, sell, or offer to sell to any third party any similar or competing product sold by Lenovo.
- **Most Favored Nation Clauses** Entering into most favored nation (MFN) clauses which require a seller to sell at its best price to the favored customer can violate competition laws if either party enjoys large market share and the MFN agreement prevents new market entrants or smaller competitors from effectively competing.

Relationships with Competitors (Horizontal Relationships)

Some common competition law violations involve companies' relationships with their competitors. Lenovo has many competitors in different product areas, regions, and industries, so when thinking about who our competitors are, think broadly. Different laws apply in each country where Lenovo does business, so contact your Geo Legal Department for specific guidance if you have questions about any activities involving Lenovo's competitors. In general, the following practices should be avoided in all countries where Lenovo does business.

- **Price Fixing** Agreements, both express and implied, between competitors regarding price, including agreements on minimum or maximum price, price ranges, discount amounts, terms of sale, prices of services, and the prices of products and services purchased are prohibited by competition laws everywhere Lenovo operates. Simply put, competitors cannot agree on the prices they will charge for their products.

Avoid all discussions or communications with competitors or potential competitors about pricing. If you find yourself in a situation where competitors are discussing fixing prices, declare that such discussions are improper, and immediately, and conspicuously end the conversation, and contact your Geo Legal Department immediately.

- **Market Allocations** Agreements among competitors to divide a market amongst the competitors by geographic area, customer, product, service type, or technologies used in products are illegal under the competition laws. Avoid all communications or agreements with competitors or potential competitors about allocating or dividing customers, territories, or product lines.

- **Boycotts** Agreements among competitors to refuse to do business with a third party, such as a supplier, are called boycotts and are illegal. Although a firm can usually unilaterally decide with whom it wants to do business and on what terms, joint refusals to deal with other competitors, customers, or suppliers should be avoided. Consult your Geo Legal Department before agreeing to any action jointly taken with competitors that targets a competitor, supplier, or customer.
- **Bidding Practices** Agreements among competitors that limit or prevent competition, including any agreements among competitors not to submit a bid, to submit fake bids, or to rotate bids among competitors, are illegal. If you receive such an offer from a competitor, report it to your Geo Legal Department immediately.
- **Joint Ventures** On occasion Lenovo may enter into joint ventures and joint research agreements with competitors in functions such as purchasing, manufacturing, sales or research and development. Competition laws governing joint ventures and other collaborations with competitors are very complicated. Contact your Geo Legal Department about any joint venture before beginning any discussions with a competitor or sharing any competitively sensitive information.
- **Information Exchange among Competitors** Exchanging information about pricing, sales plans or forecasts, wages and salaries, or other competitively sensitive information with competitors can suggest an unlawful conspiracy to violate competition laws. Do not exchange competitively sensitive information with competitors. If you receive a competitor's pricing information (or other competitively sensitive information) from a customer, note on the document the date, time, place, source, and the source's status as a customer in order to avoid a mistaken conclusion that you got this information from a competitor. Then consult your Geo Legal Department for further guidance on how to proceed.
- **Trade Associations** While competitors can interact lawfully through trade association meetings and activities, we need to tread carefully because competition issues can arise in any meeting of competitors.

Before participating in any trade association activity, note the following:

- Do not join any trade association or attend any trade association meeting unless it has a clearly defined business purpose.
- Attend only formally scheduled meetings that have established agendas.
- If the discussion at any meeting attended by competitors turns to any sensitive subjects as discussed above, object to the discussion, leave the meeting, have your objection and departure reflected in the minutes, and notify your Geo Legal Department immediately.

- **Standard-setting organizations** Standard-setting can be lawful and even pro-competitive as long as the standard adopted by a group of competitors will not discriminate against, exclude, or harm other competitors in a way that violates competition laws.

In addition to the guidelines provided above on Trade Associations, also note the following when interacting with standard-setting organizations:

- Do not sign anything from a standard-setting organization unless it has been reviewed and approved by your Geo/ Regional Legal Department.
- Do not provide any information that you do not believe is necessary for a standard-setting organization or one that establishes industry benchmarks.
- Before voting for or advocating a position that might disadvantage a competitor, you should discuss the position with your Geo/ Regional Legal Department .
- If any standard-setting organization in which Lenovo participates is considering adopting a standard or technical specification that would likely impact Lenovo's intellectual property rights, inform your Geo/ Regional Legal Department as early as possible.
- Do not approve any minutes of the standard-setting or benchmark-setting organization that are inaccurate or misleading.

Monopolization or Abuse of Dominant Position and Unfair Methods of Competition

Lenovo must take special care to avoid any actions or programs in markets where it has a high market share or controls a crucial technology which could be viewed as designed to exclude current or potential competitors from the market, to injure a particular competitor, or to block a competing technology or to take advantage of its dominance.

The competition laws of most countries where Lenovo does business also prohibit unfair methods of competition that include unethical or unfair business practices, including: disparaging a competitor's product, inducing a prospective customer to breach its agreement with a competitor or obtaining a competitor's confidential information.

Mergers and Acquisitions

Competition laws prohibit mergers, acquisitions, or joint ventures if the impact of the transaction would substantially reduce competition or tend to create a monopoly. If you or your team are considering an acquisition, consult your Geo Legal Department as early as possible.

Internal and External Communications

Virtually every type of communication made by an employee in the course of business, including e-mail, text messages, and social media postings, may end up being used in a lawsuit or government investigation, and may be subject to an incorrect or misleading interpretation. Take care to ensure that all of your communications about competitive matters are clear, precise, and accurate.

Do not make erroneous, misleading, or inflammatory statements that might lead someone to conclude mistakenly that lawful conduct was illegal.

Cooperating with Government Investigations

It is Lenovo's policy to cooperate fully with all lawful government investigations. There are special rules for surprise on-site inspections.

Do not destroy any documents that may be relevant to a government investigation or lawsuit. Make sure to follow instructions for every Legal Hold Notice you receive from your Geo Legal Department . Contact your Geo Legal Department if you have questions about what to preserve.