



August 2021

This statement confirms the steps Lenovo has taken during Fiscal Year (FY) 2020/21 to meet the requirements of **Section 3 of the California Transparency in Supply Chains Act of 2010, the United Kingdom (UK) Modern Slavery Act (MSA) 2015, Chapter 30, Part 6, Provision 54 and the Australia Modern Slavery Act (2018)**. This statement is prepared in accordance with the UN Guiding Principles on Business and Human Rights. In this document, Lenovo confirms the steps taken to identify, prevent, mitigate and account for the risk of slavery and human trafficking in its business and its supply chain and actions that may be taken to remediate any known adverse impacts. This statement covers the activities of Lenovo and Motorola Mobility.

For the purposes of Part 2 of the Australian Modern Slavery Act 2018, this Statement is made on behalf of Lenovo (Australia & New Zealand) PTY Limited (ABN 70 112 394 411), Lenovo Global Technology (Australia & New Zealand) PTY LTD (ABN 90 614 012 985), and Motorola Mobility Australia PTY. LTD. (ABN 86 139 208 361).

For the purposes of Chapter 30, Part 6, Provision 54 of the U.K. Modern Slavery Act 2015, this statement is made on behalf of Lenovo Global Technology UK Limited (10219781), Lenovo Technology (United Kingdom) Limited (04912819), Motorola Mobility UK Ltd. (06969556), TTPCom Limited (03475732), TTP Communications Limited (03962172), Motorola Mobility Holdings UK Limited (10696969), Lenovo Connect (United Kingdom) Co. Limited (10626988), and Channel Solutions and Services Ltd. (11786337).

In the process of developing this statement we consulted the relevant companies we own or control listed above.

Organization and Structure

Lenovo is a global technology company with 71,500 employees worldwide (52,000 regular employees and 19,500 long-term contracting plant workers) operating in 180 markets around the world. Its two core business groups during FY 2020/21 were the Intelligent Devices Group (IDG) encompassing the PC & Smart Device Group and Mobile Business Group (MBG), including Motorola Mobility LLC (Motorola); and the Data Center Group (DCG). Lenovo's business groups are supported by corporate level global supply chain and environmental, social, and governance (ESG) teams. Further information about Lenovo, its management, investor relations, and corporate ESG commitments can be found at <https://www.lenovo.com>.

Corporate Policies

Lenovo is committed to ethical corporate citizenship and promoting strong ESG performance in all of its activities. Lenovo demonstrates these commitments through transparent and responsible actions driven by its values. These values respect and are informed by those of its stakeholders, including the communities with which we interact. Lenovo expects all its employees, as well as contractors and

consultants who perform work on Lenovo's behalf, to report immediately any suspected violations of laws, regulations, the Lenovo Code of Conduct, or Lenovo policies. Lenovo strives to attain the highest level of ethical integrity and to this end conducts worldwide internal audits that independently validate controls and investigate abuses. Its activities are guided by the corporate policies and programs noted below.

Code of Conduct

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.

Focus on Employee Welfare

Providing a safe and healthy working environment is core to Lenovo's operating principles. Lenovo equips employees with products and equipment that are safe for use. Lenovo also focuses 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 it places on this at every location in which Lenovo does 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

Lenovo 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 its commitment to ethical corporate citizenship and promoting sustainability in all of its 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 its employees
- Be a fair and responsible member of the communities in which Lenovo operates
- Work with its 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 Lenovo operates and contributes to their development
- As employees and as a company, be ethical and responsible citizens

Human Rights Policy

Lenovo's Human Rights Policy states its support for universal human rights, including those identified in the United Nations Declaration on Human Rights, and commits to extending these rights to its employees and others directly or indirectly employed in its supply chain. This policy applies to

Lenovo's worldwide operations and in those of its supply chain. Every Lenovo organization must support this policy including 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 Lenovo does 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 its 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 its internal manufacturing operations to the following standards and requires certification to these standards by its suppliers.

- ISO 9001 Certification for Quality Management Systems
- ISO 14001 Certification for Environmental Management Systems

- ISO 45001 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 internally within Lenovo global manufacturing locations and externally across its supply chain. Lenovo has been a member since 2006 and supports RBA efforts to ensure that working conditions in the electronics industry supply chain are safe, 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

Lenovo's procurement activities include both direct (supporting product production) and indirect (serving internal operations) procurement. With regards to Lenovo's risk for human trafficking and slavery, the risk is largely in the external supply chain for direct procurement. This risk exists because many suppliers have access to large, lower-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 activities serve its internal operations and have a smaller risk in that they represent a small fraction of its overall procurement spend, involve suppliers with higher skilled employees, and have significantly fewer supporting tiers.

With respect to Lenovo internal manufacturing locations, it has 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, its manufacturing sites receive RBA independent third-party audits with RBA-approved auditors and are very visible to Lenovo's global management team.

Materials Supply Chain Due Diligence

Responsible sourcing is embedded into Lenovo's supply chain management business processes. Its supplier sustainability scorecard includes metrics on suppliers' adherence to its Conflict Minerals expectations. This scorecard is used by Lenovo executives in business reviews with suppliers and provides a key input into business decisions.

Lenovo actively participates in Responsible Minerals Initiative's (RMI) programs. RMI's tools and guidance documents help Lenovo address responsible sourcing risks for minerals. Lenovo supports China smelters engagement through the China SET (Smelter Engagement Team) within the RMI and by serving as the SPOC (Single Point of Contact) for both 3TG and Cobalt smelters or refiners in Asia. During FY 2020/21, Lenovo continued to drive its suppliers to discontinue the use of non-conformant smelters. Lenovo also directly engaged with smelters and refiners to undergo Responsible Minerals Assurance Process (RMAP) audits.

Lenovo directly validated supplier compliance with the RBA Code of Conduct, which includes conflict minerals. This included formal annual supplier Self-Assessments and biennial supplier audits of the code with independent RBA approved third party auditors and reporting with RBA tools (i.e. RBA On-Line). Corrective Action Plans were received for all audits.



Additional Actions in FY 2020/21

In order to further enhance our programs in this area, Lenovo took the following additional actions in FY2020/21:

- Increased staff to review audit reports, manage corrective action plans and support suppliers on compliance topics
- Introduced real-time reporting of working hours and days off for many suppliers
- Continued efforts to encourage more suppliers to achieve RBA Silver, Gold, Platinum, or Factory of Choice status
- Reduced average number of suppliers' RBA Priority findings down from 0.5 to 0.4
- Improved and formalized cobalt due diligence processes

Prevention and Mitigation of Risk

Lenovo implements multiple measures designed to minimize the risk of slavery and human trafficking and drive social responsibility within its business and its supply chain.

Contractual Stipulations

Lenovo's standard purchase contract terms and conditions stipulate supplier compliance with all applicable laws and the Lenovo Supplier Code of Conduct.

Responsible Partners

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

- 98% of its procurements spend is with less than 100 large suppliers
- 75% of its procurement spend is with formal RBA Members
- 90% of its procurement spend is with ISO 9001, ISO 14001, and OHSAS 18001 or ISO 45001 certified companies who also issue public Corporate Sustainability Reports

RBA Code of Conduct Implementation and Verification

Lenovo requires that suppliers comply with the RBA Code of Conduct and ensure that supplier working conditions are socially, environmentally and ethically responsible. The labor section of the RBA 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 25% of those identified as high risk. Lenovo's implementation exceeds this requirement. Lenovo directly validates compliance for approximately 95% of its procurement spend with self-assessments and audits, which includes many critical Tier 2 and Tier 3 suppliers who are also Tier 1 suppliers. Lenovo requires these 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 online tool

- Assessments are done at a supplier corporate level and key site level
- Conduct biennial, independent, third-party RBA audits with RBA-approved auditors
- Document audit reports and corrective action plans
- Confirm closure of action plans
- Require upstream suppliers to comply with the RBA code

This validation and audit results reporting process forms the basis for Lenovo’s evaluation of the effectiveness of its programs.

Supplier Penalties & Credits

Supplier sustainability performance is included in Lenovo’s quarterly supplier report cards. Its top 100 suppliers, covering over 95% of its procurement spend, 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. Supplier sustainability performance is used as an overall multiplier against the aggregate cost, quality, delivery, technology and service scores and can significantly influence a supplier’s overall rating.

Supplier Relationship Management

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

Accounting for Risk

To verify whether adverse human rights impacts are being prevented, or resolved if they occur, Lenovo is tracking the effectiveness of its 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 those due within 3 months
 - Percent on-time audits, number of late audits and number 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
 - Working hours and time off is also reported by outsourced manufacturing suppliers via an online tool
- RBA Quarterly Reporting
 - Overall YTD audit scores and yearly trends

- By segment YTD audit scores (labor, environmental, OH&S, ethics and management systems)
- 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

Further details of the above policies and actions, as well as some of the internal reports noted above, are available publicly within Lenovo's [ESG Report](#) along with other information on its [Sustainability Resources](#) pages.

Training and Capability Building

Lenovo conducts several education and communication activities throughout the year for Global Supply Chain employees and suppliers, which may include:

- Monthly newsletters
- Semi-annual sustainability training
- Semi-annual training on Supplier Report Card penalties and credits
- Semi-annual training on Supplier Code of Conduct
- Annual Environmental Impact training
- Annual Conflict Minerals training
- Regular training on the Lenovo Code of Conduct (for Lenovo employees)

External Capability Training

As noted above, a substantial portion of Lenovo's 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. In addition to this Lenovo provides:

- 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 Lenovo's experience that good sustainability performance often comes hand-in-hand with good cost, quality, delivery and other performance attainment measures and therefore is a good business performance indicator. Suppliers with strong sustainability performance coupled with strong performance overall are rewarded with increased business volume and continuation of the business relationship.

This disclosure summarizes the efforts Lenovo has taken in its own business, as well as its suppliers, to eradicate slavery and human trafficking from its supply chain and promote human rights and employee welfare globally. This document has been reviewed by its Board of Directors and will be published externally.



Director Signature
Approved by Lenovo Board of Directors

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