Global Supply Chain

GLOBAL SUPPLY CHAIN

General

Lenovo is committed to being a responsible corporate citizen as it actively strives for outperformance in customer satisfaction, innovation, and operational excellence. This requires implementation of sustainability programs across our full supply chain. This includes but is not limited to programs on supplier employee working conditions, environmental footprint and use of environmentally preferred materials. We use over 25 key indicators to measure supplier transparency, commitment and performance. The results are utilized in overall supplier performance reporting and are key factors in decisions on future business volumes. Similar programs are implemented on our internal manufacturing and logistics operations as well as with packaging materials. More specific information about our supply chain performance can be found in our annual Lenovo Sustainability Report or on our Social Responsibility Resources pages.

Supplier Code of Conduct

We expect our suppliers to be committed to the highest standards of responsible sourcing. All suppliers are to comply with Lenovo's Supplier Code of Conduct via contractual terms and conditions, and we assess conformance to these requirements in making procurement decisions. We also require our suppliers to operate in full compliance with all laws, rules and regulations of the countries in which they operate. The key elements of the Code 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
- Grievance Notifications

Responsible Business Alliance (RBA)

Lenovo also works with the electronics industry on supply chain issues through its membership in Responsible Business Alliance (RBA) (formerly the Electronics Industry Citizenship Coalition (EICC)). Lenovo has been a member since June 2006 and implements the RBA Code of Conduct externally with our supply chain and internally within Lenovo global manufacturing locations. The RBA Code establishes standards to ensure that working conditions in the electronics industry supply chain are safe, workers are treated with respect and dignity, and business operations are environmentally responsible, do not fund conflict and are conducted ethically. The five key pillars of the RBA Code are

- Labor
- Health and Safety
- Environment
- Management System
**Ethics**

### Supplier RBA Implementation and Compliance

Lenovo formally implements the RBA Code of Conduct through all its supplier contracts and ensures compliance via self-assessments and audits. Additionally, the RBA Code itself requires implementation of the Code to the next tier of suppliers. It therefore applies across all tiers of our supply chain. We then strive to cover 95 percent of our procurement spend with direct validation of that compliance as noted below.

We require suppliers to conduct formal self-assessments to the RBA Code and to report their results annually via RBA tools (RBA-Online). Suppliers must also have biennial RBA audits conducted by independent, RBA-approved third-party auditors, provide the audit reports to Lenovo and submit corrective actions plans. Suppliers again are expected to report using RBA tools. RBA membership stipulates annually a minimum coverage of 80% of suppliers by spending for risk assessment and 25 percent of high-risk facilities be audited. Lenovo conducts self-assessments on 100 percent of the suppliers annually, and we audit 100 percent of our suppliers every two years. Compliance to our program and closure of action items are tracked and reported to senior management monthly. These efforts have substantially reduced social, environmental and ethical risks concerns across our supply chain.

Lenovo also takes seriously all forms of human trafficking and complies with associated governmental regulations and expectations through contractual requirements, compliance plans and certifications. Please see Lenovo’s statements and policies addressing human rights and human trafficking concerns posted on our Social Responsibility Resources page.

### Supplier Greenhouse Gas, Water and Waste Reporting

Lenovo’s Climate and Energy Policy recognizes that climate change is a serious threat and acknowledges we should all do our part to reduce harmful greenhouse gas (GHG) emissions. This includes transparency and efforts not just on our Scope 1 and 2 GHG emissions, but also our Scope 3 supply chain emissions. Suppliers are required to report their environmental impact using the RBA or CDP (Carbon Disclosure Project) platform. Emissions reporting includes not only their total emissions inventory, but also publicly disclosing their reduction goals. In addition, we require suppliers to disclose their water usage, waste generation and respective reduction goals. We have established specific supplier targets for these efforts. Attaining top performance ratings requires an annual reduction in GHG emissions of greater than three percent, publicly disclosed reduction goals, independent verification and CDP top-level performance scores.

### Conflict Minerals

Lenovo leverages its membership in the RBA to collaborate on industry issues such as conflict minerals, and we support multi-industry efforts to address the issues.

Conflict minerals are minerals or their derivatives that are extracted and sold to finance conflict. For the electronics industry in the 21st century, conflict minerals typically refer (but are not limited) to columbite-tantalite (Tantalum), cassiterite (Tin), wolframite (Tungsten) and gold (3TG) whose extraction and sales are determined to be financing conflict in the DRC (Democratic Republic of the Congo) or an adjoining country. Lenovo complies fully with the US Government Dodd-Frank ruling on conflict minerals and the Organization for Economic Cooperation and Development (OECD) Due Diligence guidance. Our efforts include:

- Establishment of formal management systems
- A formal Conflict Minerals Policy
- Risk assessment for the presence of 3TG in our products
- Reasonable Country of Origin Inquiry to identify risk using the RMI Conflict Minerals Reporting Template
- Due Diligence to ensure 3TG smelters are conflict-free compliant using the Conflict Free Smelter Program (CFSP)
- Participation in the RMI Smelter Engagement Team to further identify valid smelters in the supply chain, conduct outreach and drive them toward certification
- Supplier contracts to ensure flow of these requirements through the supply chain
- Public Conflict Minerals Reporting

### Environmentally Preferred Materials

Lenovo supports a precautionary approach, ensuring that appropriate actions are taken even if cause-and-effect relationships are not fully established scientifically. Lenovo’s priority is to use environmentally preferable materials whenever applicable.

In adhering to this precautionary approach, Lenovo supports restricting the intentional addition of materials that are potentially concerning when economically and technically viable alternatives exist. These restrictions may also include implementing concentration limits for incidental occurrences. For materials where economically and technically viable alternatives do not exist, Lenovo collects data on the usage of these materials above the defined concentration limit. This data can then be reported to customers or other stakeholders.
Lenovo continues to search actively for environmentally preferable materials that can be used as substitutes. We also expect our partners and suppliers to demonstrate the same commitment to environmentally sound practices. See our supplier specifications for more information.

Internal Global Supply Chain Operations

Lenovo also applies the same demanding RBA standards to its own internal global supply chain operations. We conduct annual self-assessments on all global manufacturing locations and report them to the RBA. We also conduct RBA audits using independent, third-party auditors.

In addition, Lenovo conducts rigorous audits of these locations to ensure regulatory and external management system compliance, including ISO 9001 (Quality), ISO 14001 (Environmental) and OHSAS 18001 (Health and Safety) audits. All locations are certified to these standards.

TCO Certified Products

Lenovo’s programs and controls for ensuring sustainable and responsible manufacturing have been recognized by TCO Development, a worldwide, third-party sustainability certifier of IT products. The TCO Certified designation indicates an IT product and its manufacturer have met strict criteria that measure environmental and social responsibility throughout the product’s life cycle. Lenovo offers notebooks, tablets, all-in-one computers, desktops and computer displays that are TCO Certified – for more information, please our Materials page.

Logistics

Sustainability does not stop at products and materials. We believe it is important to ship our products responsibly as well. Lenovo continues to optimize its global logistics program by expanding the use of environmentally friendly transportation methods such as boat and rail. In North America, for example, Lenovo has joined the EPA SmartWay program and is requesting its North American carriers to comply with program recommendations. The SmartWay Transport Partnership is an innovative collaboration between the freight industry and the U.S. Environmental Protection Agency that promotes fuel efficiency improvements while significantly reducing greenhouse gas emissions.

Packaging

Lenovo communicates packaging environmental requirements to suppliers via a series of packaging specifications. These specifications include requirements for minimum amounts of recycled content, marking for proper recycling, banned materials and other elements. All corrugated container (box) packaging should use a minimum of 50 percent post-consumer recycled fiber, and all paperboard packaging should contain a minimum of 45 percent post-consumer recycled fiber and 100 percent recovered fiber.

In addition to meeting these specifications, many Lenovo packaging suppliers provide FSC-certified products for Lenovo packaging. Lenovo is currently in the process of assessing the global availability of FSC-certified packaging to support manufacturing facilities in all geographies. To see more of Lenovo’s environmental initiatives on packaging, click here.