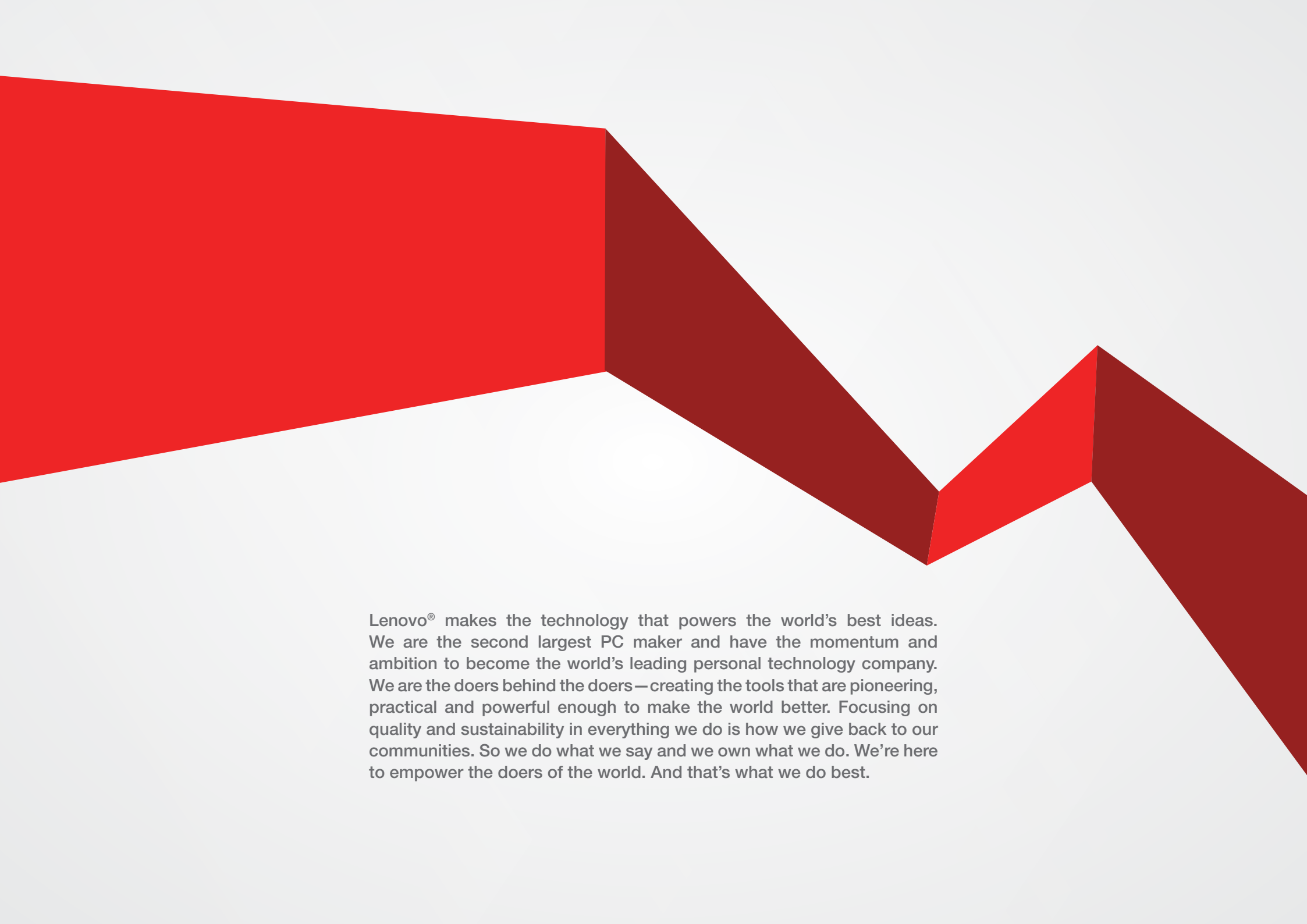


DOERS  
MAKE  
THE  
WORLD  
BETTER.

The background features a series of overlapping geometric shapes in two shades of red: a vibrant primary red and a darker, more muted red. These shapes form a jagged, mountain-like silhouette against a light gray background. The shapes are composed of various triangles and quadrilaterals, creating a sense of depth and movement.

Lenovo® makes the technology that powers the world's best ideas. We are the second largest PC maker and have the momentum and ambition to become the world's leading personal technology company. We are the doers behind the doers—creating the tools that are pioneering, practical and powerful enough to make the world better. Focusing on quality and sustainability in everything we do is how we give back to our communities. So we do what we say and we own what we do. We're here to empower the doers of the world. And that's what we do best.

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# REPORT PARAMETERS

This is Lenovo's fifth annual sustainability report. It covers the Fiscal Year 2010/11 (April 1, 2010 through March 31, 2011). The most recent report prior to this was published in January 2010 for the Fiscal Year 2009/2010. This and previous reports are available at <http://www.lenovo.com/sustainability>

Lenovo publishes annual reports and interim reports which are available at [http://www.lenovo.com/ww/lenovo/annual\\_interim\\_report.html](http://www.lenovo.com/ww/lenovo/annual_interim_report.html). The annual report contains a sustainability overview.

Lenovo's most material risk and opportunity drivers in the areas of Governance Operations and Human Resources are outlined in this report covering strategic outlook, managerial approach and current year performance. Lenovo is currently in the process of developing a materiality-weighted approach for defining the most material sustainability tasks to prioritize on an annual basis.

Lenovo conducts outreach with a variety of stakeholders, e.g., NGOs, investors, regulators, think tanks and academia. Lenovo attempts to incorporate their feedback in each sustainability report. This includes interaction with the sustainability ratings community, which provides substantial input.

## Industry Sustainability Surveys:

- Constituent stock of the Hang Seng Corporate Sustainability Index Series: Rated A+
- oekom Research AG: Rated as Prime
- Carbon Disclosure Project: Rated 85, outpacing several industry competitors
- No worldwide non-compliances with respect to environmental regulatory requirements

## External Assurance

Bureau Veritas has provided verification services for this year's greenhouse gas and emissions data. Bureau Veritas also certifies our compliance to ISO 9001, ISO 14001 and OHSAS 18001.

## Basis of Calculations

- All units refer to the U.S. dollar.
- Lenovo may in some instances face various challenges when measuring its performance. If there are contingencies with data provided, those contingencies will be noted in the documentation.
- Lenovo continues to drive for excellence in measuring and improving its performance by adding new indicators. When new indicators are added, it may take time to deliver trending information. Therefore, while we may be measuring something internally, we may not always provide the information publicly until we are certain that these statistics can be delivered in a high quality and consistent way.

## Scope of the Report

- All references are to Lenovo's fiscal year, which ends March 31, unless otherwise stated.
- This report covers all Lenovo operations with the exception of our recently acquired company, Medion. Any data pertaining to joint ventures and acquisitions will be included in subsequent reports.

### Our Operations:

- Primary operational hubs in Beijing, China; Singapore, Singapore; and Morrisville, North Carolina, USA
- Major research centers in Yokohama, Japan; Beijing, Shanghai and Shenzhen, China; and Morrisville, North Carolina, USA
- PC manufacturing and assembly facilities in Beijing, Shanghai, Huiyang and Shenzhen, China; Pondicherry, India; Monterrey, Mexico; Greensboro, North Carolina, USA; contract manufacturing and OEM worldwide
- Over 3,200 sales representatives worldwide and an extensive global channel partner network



# 1.0 DOERS MAKE THE WORLD BETTER

## A Message from Yang Yuanqing, Our Chairman and CEO



In the year since our last sustainability report, Lenovo has experienced tremendous growth. After two full years as the industry's fastest-growing company, we are now the second-biggest PC maker in the world. With this growth and success, our commitment to sustainability is more important than ever. We recognise that as our influence in the world increases, so does our responsibility.

To help us fully embrace sustainability as a priority for Lenovo, I am pleased to report that we have appointed Senior Vice President Peter Hortensius as our chief sustainability executive and chairperson of our new Sustainability Working Committee. He will coordinate new programs and oversee initiatives across a variety of functional areas to improve and expand on Lenovo's corporate sustainability efforts. Over the next three to five years, through planning,

research and collaboration, Lenovo will work to create value for our local communities and develop products that support customers in new and highly relevant ways; we will work to fight climate change through sustainable manufacturing and energy efficiency; we will make education a priority; we will empower entrepreneurs and innovators to make their own positive impact; we will treat our employees with respect and encourage them to live the company values; and we will invest in worthy causes that better our world.

During the past year, we have achieved many milestones in sustainability. Lenovo is now the PC manufacturer with the largest portfolio of UL Environment Gold-rated products under the Sustainable Product Certification (SPC) programs. We are rated as "Prime" by oekom research AG, an independent research institute specialising in corporate responsibility assessments. We have received an A+ ranking in the 2011 Reputex Hang Seng Sustainability Index, and we are a signatory and member of the UN Global Compact, fully embracing its policies and principles.

Throughout this report, you will find even more examples of Lenovo's performance with respect to successes, challenges and short and long-term sustainability targets. Noteworthy among these are:

- For the period, Lenovo met our initial goal to eliminate or offset 100% of Lenovo's Scope 1 Greenhouse Gas (GHG) emissions and achieve a 10% absolute reduction in Lenovo's Scope 2 GHG emissions by March 31, 2011 (using FY 09/10 as a baseline). These goals were met through a combination of energy efficiency measures and the purchase of renewable energy credits and carbon offsets.
- We have committed to further purchases of renewable energy credits during FY 2011 and carbon offset purchases during FY 2011 and FY 2012, and Lenovo continues to emphasize energy efficiency within our operations. Over 40 separate energy efficiency projects were initiated at our facilities around the world during the past two years.

- Well over 90% of Lenovo notebooks, workstations and monitors and 50% of desktop platforms are ENERGY STAR® qualified.
- Lenovo has challenged its product teams to incorporate post-consumer recycled plastic content into every PC product released by the end of the current fiscal year (March 2012) and increase each business unit's use of post-consumer recycled content by 20% year-to-year.
- The company has used local manufacturing strategies to shorten ship requirements and achieved award-winning use of thermoplastics and other recycled packaging materials.
- In FY 10/11, Lenovo supply chain operations continued to show improvement in supplier engagement and commitment to the EICC code; 99% of our Tier one suppliers are committed to the EICC and have signed formal agreements.
- In August of 2010, I signed a comprehensive Climate Change Policy for Lenovo and approved associated targets to support these policy goals. Our climate change strategy focuses on five areas of influence within which Lenovo works to drive and facilitate global, national and local Greenhouse Gas emissions reductions, and we've continued to make great progress in each of these areas.

At the same time, we recognise challenges that lie ahead. For the period 2011/2012 Lenovo aims to:

- Continue our efforts to formalise program management and corporate governance of Lenovo's Sustainability Programs under the umbrella of our new chief sustainability executive.
- Maintain and grow our leadership in the use of post-consumer recycled content in the design of our products.

- Meet or exceed the climate change goals we've outlined in our Climate Change Policy.

At Lenovo, our mission is to become a leading personal technology company. We will do this the right way—with a commitment to our customers, our people, our communities and our planet. We know that great companies are not only successful in the market, but they make the world a better place. On behalf of Lenovo's 26,000+ global employees, I am proud of what we have achieved; I am committed to continuing to improve and do even more across the sustainability spectrum; and I am confident that Lenovo can achieve our goals and become a truly great company that will make a positive impact on our planet for many years to come.

Thank you,



Yang Yuanqing, Chairman and CEO

## **A Message from Peter Hortensius, Our Chief Sustainability Executive**

I've had the honour this year to be named not only President of Lenovo's Product Group, but to take on the role of Lenovo Chief Sustainability Executive and Chair of our new Sustainability Working Committee. This dual role reflects the core of Lenovo's approach to sustainability: that growing and nurturing our business is the strongest and most direct channel for our company to better the world.

As the Sustainability Leader, I'm focused on quality and sustainability in everything we do—including product design, the materials we use and our Lean Six Sigma programs. I also oversee the way our products work, how they are used by our customers and how we gather them back at end of life and re-use them—creating a virtuous cycle that is absolutely critical to our success today and tomorrow.

And we hear time and time again from our customers—the Doers of the world—that they often choose Lenovo because of our commitment to bettering the world through the technology we create.

You'll read in this report the myriad programs and initiatives already in place to ensure sustainability in our products, in our workplace and in our communities—initiatives that have earned us accolades and recognition for successfully integrating sustainability efforts across all aspects of our business.

Over the coming year, we'll also be working to further develop a set of qualitative goals and quantitative targets with the Sustainability Working

Committee, and we'll report on our progress even when we don't meet a given goal or target. We'll be building off of our strong foundation of sustainable policies and will be further clarifying our objectives, increasing transparency and holding ourselves accountable for progress.

Throughout this process, we welcome feedback and ideas from all Lenovo stakeholders—to help make sure that we get it right. Because at Lenovo, we do what we say and we own what we do.



Peter Hortensius  
Chief Sustainability Executive  
President, Product Group  
Senior Vice President, Lenovo





# 2.0 HIGHLIGHTS



## 2.1 HIGHLIGHTS

### Energy

During FY 2009/10 and FY 2010/11 Lenovo implemented over 40 energy efficiency projects at sites around the world. These projects contributed close to a 20% reduction in electricity consumption over this time period.

Total Scope 1 and 2 GHG were reduced by 10.5% from FY 2009/10 to FY 2010/11.

### Packaging

In FY 2010/2011 Lenovo implemented the lightweight pallet. The engineering tests were accomplished and the pilot run is ongoing. The environment team estimates Lenovo can save 1,000 tons of wood per year.

In 2008 Lenovo reduced the volume of packaging used in our products by over 750 tons which equates to approximately 20% of our total packaging volume for the year. In 2009, Lenovo achieved an additional 125 ton reduction in packaging used in our products.

### Reuse

Lenovo's reuse of post-consumer recycled content and post-industrial recycled content plastics in manufacture of its products exceeds 61 million pounds since early 2005.

In 2010, Lenovo's approved suppliers processed over 13,000 metric tons (more than 29 million pounds) of computer equipment and e-waste worldwide with nearly 86% being reused as products, parts or materials.



The EPEAT™ Gold ThinkPad® Edge 14" and 15" exceed industry requirements by using 100% recycled paperboard, recycled packaging and non-toxic inks.



## 2.2 CONSOLIDATED METRICS

General Data					
U.S. Dollars Million Sales:	FY 2006/07	FY 2007/08	FY 2008/09	FY 2009/10	FY 2010/11
	\$13,978	\$16,352	\$14,901	\$16,605	\$21,594
Sales Breakdown Balanced Geographical Mix		FY 2008/09	FY 2009/10	FY 2010/11	
Emerging Markets (excluding China)		15.8%	15.9%	17.9%	
Mature Markets		42.4%	36.6%	35.7%	
China		41.8%	47.5%	46.4%	
Totals		100.0%	100.0%	100.0%	
Sales Breakdown By Product	FY 2006/07	FY 2007/08	FY 2008/09	FY 2009/10	FY 2010/11
Notebook	54.8%	57.6%	58.6%	62.6%	60.2%
Desktop	43.7%	41.0%	39.6%	35.0%	33.9%
Mobile Phone	0.0%	0.0%	0.0%	0.5%	3.7%
Others	1.5%	1.4%	1.8%	1.9%	2.2%
Research and Development	FY 2006/07	FY 2007/08	FY 2008/09	FY 2009/10	FY 2010/11
Expenditures/Sales	0.0140	0.0141	0.0148	0.0129	0.0141
Employees, Health and Safety					
	FY 2006/07	FY 2007/08	FY 2008/09	FY 2009/10	FY 2010/11
Number of Employees	25,100	23,111	22,511	22,205	27,039
Hours of Training and Education Per Employee (including part-time)		CY 2007	CY 2008	CY 2009	CY 2010
		N/A	N/A	N/A	35
Incident Rates		CY 2007	CY 2008	CY 2009	CY 2010
Recordable Rate		0.23	0.17	0.59	0.41
Lost-time Rate		1.57	1.05	2.48	2.06
		CY 2007	CY 2008	CY 2009	CY 2010
Number of OHSAS 18001 Registered Facilities		6	6	6	8

Communities and Philanthropy					
Charitable and Other Donations	FY 2006/07	FY 2007/08	FY 2008/09	FY 2009/10	FY 2010/11
	\$1,138,150	\$7,796,652	\$2,993,000	\$497,000	\$2,143,000
Charitable Giving	CY 2007	CY 2008	CY 2009	CY 2010	
U.S. Employee Charitable Giving Campaign (given by employees)*	\$369,000	\$562,000	\$317,000	\$406,000	
Lenovo Matched Contributions (based on employee contribution above)*	N/A	N/A	N/A	\$140,000	
Volunteering	FY 2007/08	FY 2008/09	FY 2009/10	FY 2010/11	
Volunteering by hours – North Carolina*	1720	2990	770	1300	



Lenovo ThinkPad T420 – First Laptop to Capture Underwriters Laboratories Environment Gold Rating



Site Environmental Data			
GHG Emissions (metric tons CO <sub>2</sub> equivalent – MT CO <sub>2</sub> e)**	CY 2008	FY 2009/10	FY 2010/11
Scope 1	1,468	1,495	1,249
Scope 2	76,621	68,133	61,072
Scope 3	14,819	15,675	24,316
Total Scope 1, 2 and 3	92,908	85,303	86,637
Emissions Intensity: GHG Emissions – Scope 1 and Scope 2 (metric tons per \$ million revenue)	CY 2008	FY 2009/10	FY 2010/11
	5.24	4.19	2.89
Operational Energy Intensity Use – Scope 1 and Scope 2 (MWh per \$ million revenue)	CY 2008	FY 2009/10	FY 2010/11
Fuel Combustion	0.47	0.43	0.27
Purchased Energy (electricity and steam)	7.18	5.65	4.15
Operational Energy Use – Scope 1 and Scope 2 (MWh)	CY 2008	FY 2009/10	FY 2010/11
Fuel Combustion	6,934.58	7,177.27	5,907.84
Purchased Energy (electricity and steam)	106,961.97	93,894.46	89,677.22
Water	CY 2008	FY 2009/10	FY 2010/11
Water Use (cubic meter)	305,179	295,212	302,391
Waste Water Discharge Values (cubic meter)	278,798	259,451	272,541
Waste Water Exceedances	0	0	0
Waste (metric tons)	CY 2008	FY 2009/10	FY 2010/11
Non hazardous Waste (processes and operations waste, product waste separately)	N/A	11,995.84	12,691.89
Hazardous Waste (processes and operations waste, product waste separately)	10.39	34.61	17.87
Product Environmental Data			
Disposition of Products Returned from Customers (metric tons)	CY 2009	CY 2010	
Reused	198.76	160.00	
Recycled	5,751.85	7,582.80	
Waste to Energy (WTE)	955.59	1,471.76	
Incinerated	31.35	165.59	
Landfill	222.62	283.93	

Customer Returns by Geography (metric tons)		CY 2009	CY 2010	
EMEA		6,104	8,326.76	
The Americas		386	364.89	
Asia Pacific		676	972.43	
Recovery and Recycling Trends (metric tons)	CY 2007	CY 2008	CY 2009	CY 2010
Product End-of-Life Management (PELM)	17,275.65	17,919.40	11,546.64	13,468.63
Product Take Back (PTB)	5,773.96	6,527.07	7,166.17	9,664.08
Total End-of-Life Disposition (metric tons)			CY 2009	CY 2010
Reused			483	547.26
Recycled			8,572	10,992.08
Waste to Energy (WTE)			956	1,471.76
Incinerate			1,297	171.11
Landfill			240	286.42
Lenovo ISO 14001 Registered Sites				
Number of ISO 14001 Registered Sites		FY 2008/09	FY 2009/10	FY 2010/11
		14	14	15

Footnotes:

\*Lenovo is working to provide charitable giving and volunteer hours for more work sites in future reports.

\*\*Lenovo's GHG Emissions Inventory Specifics:

Data for 2008 is based on a calendar year; fiscal year data for 2008/2009 is not available.

Lenovo started to verify GHG emissions data in FY 2009/2010.

Scope 3 – Other Indirect Emissions – includes only business travel.

Approximately 5% of purchased energy (electricity and steam) is estimated based upon energy use at similar Lenovo facilities with metered usage.

MWh – Megawatt hour.

## 2.3 FY 2011/12 OBJECTIVES AND TARGETS

Target Type	Objective	Key Performance Indicator(s)	Target(s)
Product Materials	Minimize use of hazardous or potentially hazardous materials.	Availability of low halogen products	Transition select Lenovo Products to low halogen.
	Increase the use of PCC in Lenovo Products.	% PCC	Increase % of Post-Consumer Content (PCC) purchased for CY 2011 by 20% relative to CY 2010.
		% of products with PCC	100% of Lenovo Products.
Product Energy	Drive reduction in CO <sub>2</sub> e emissions associated with operation of products.	# of models with PCF established	Establish Product Carbon Footprint (PCF) within all Lenovo product families by 3/31/2012
		% of models ENERGY STAR® qualified	Increase % of ENERGY STAR® qualified desktop models.
Product Packaging	Minimize the use of packaging material consumption while driving the use of environmentally sustainable materials.	Material type used	Continue to implement use of sustainable packaging materials across all BU.
			Continue to work towards elimination of EPS across all BU.
		Packaging size (quantity of material consumed)	Reduce packaging size for select products.
Supplier Performance	Reduce transportation related GHG emissions attributable to Lenovo operations.	MT CO <sub>2</sub> e	Establish product transportation baseline by 3/31/2012.
	Minimize potential environmental impact of Lenovo's Category 1, 2 and 3 suppliers.	% Cat 3 suppliers audited	100%
		Supplier scope 1 and 2 emissions	Identify, evaluate and recommend emissions management strategies relative to supplier GHG emissions by 3/31/2012.
Lenovo Site Performance	Minimise environmental impacts associated with solid waste generated from Lenovo operations and products.	Waste intensity	Decrease waste intensity year to year.
		% nonhazardous solid waste recycled	90%
	Monitor, manage and minimise energy consumption.	MWh	Decrease energy intensity year to year.
		Units/KWh	
	Absolute reduction in CO <sub>2</sub> e.	Metric tons CO <sub>2</sub> e	-13% by 3/31/2013 re: FY 2009/10
			-16% by 3/31/2016 re: FY 2009/10
			-20% by 3/31/2020 re: FY 2009/10

# 3.0 PERFORMANCE





## 3.1 ABOUT LENOVO

While the Lenovo brand came into existence only in 2004, the company has a much longer history. In 1984, Legend Holdings was formed with 25,000 RMB in a guard house in China. The company was incorporated in Hong Kong in 1988 and would grow to be the largest PC company in China. Legend Holdings changed its name to Lenovo in 2004 and, in 2005, acquired the former Personal Computer Division of IBM, the company that invented the PC industry in 1981.

Today, Lenovo is a US\$21 billion personal technology company and the world's second-largest PC vendor. We have more than 26,000 employees in more than 60 countries serving customers in more than 160 countries. A global Fortune 500 company, we have headquarters in Beijing, China and Morrisville, North Carolina, U.S.; major research centers in Yokohama, Japan; Beijing, Shanghai and Shenzhen, China; and Morrisville; and we have manufacturing around the world from Greensboro, North Carolina and Monterrey, Mexico to India, China and Brazil.

We create and build exceptionally engineered personal technology, but we are much more than a tech company. We are defining a new way of doing things as a next generation global company. We have our core strength in China, rapid growth in emerging markets and a unique global footprint. Lenovo builds on its dominant position in China to grow globally. The expansion from East to West—introducing our newest products in China and then spreading across the globe—is a new way of viewing the world, one we believe will be the way of the future.

That means we are years ahead of the game in terms of understanding what it will take to win 5 or even 10 years from now. That focus on the future is based on a strong history of success that is driving results today.

We have momentum. Long the leader in China with more than 30% market share in PCs, Lenovo is growing rapidly and winning market share in all parts of the world. Lenovo has realized strong, balanced growth while achieving a number of major breakthroughs. Achieving optimal balance in all that we do is Lenovo's operating philosophy. This mindset encompasses every aspect of Lenovo's business, from balancing leadership with consensus-building, to valuing both short and long-term thinking. As a result, we have created a balanced business model and strategy that take maximum advantage of profit and investment across both core and new businesses.

Lenovo has consistently outgrown the worldwide PC market in unit shipments and gained market share across all geographies, products and customer segments, making it the fastest growing of the four major PC companies in the world for two years running.

- We are the number one PC company in China and now in Japan.
- We are the number one PC company in the world for large business and the public sector.
- We have been the fastest growing major consumer PC brand on the planet in the past year.
- We make the fastest booting notebook in the world. It's a ThinkPad—and in 18 years, 60 million of them have been sold.

- We make a smart phone in China and every day our app store there delivers more than 25,000 downloads.
- We have launched a family of tablets targeting both the consumer and commercial markets internationally.
- We are growing in triple digits in the all-in-one market worldwide, funding an application developers' movement in China, and growing our retail presence from Germany to Japan.

Lenovo's business is built on product innovation, a highly efficient global supply chain and strong strategic execution. The company develops, manufactures and markets reliable, high-quality, secure and easy-to-use technology products and services for customers who want technology that does more—because people have a lot more to do. Our product lines include legendary Think-branded commercial PCs and Idea-branded consumer PCs, as well as servers, workstations and a family of mobile internet devices, including tablets and smart phones.

We have a long-term goal of becoming the leading personal technology company in the world. We aspire to achieve this goal by leading in three key areas:

- Personal Computers: Lead in PCs and be respected for our product innovation and quality.
- Convergence: Lead the industry with an ecosystem of devices, services, applications and content for people to seamlessly connect to people and Web content.
- Culture: Become recognized as one of the best, most trusted and most well-respected companies to work for and do business with.

And we want to do it the right way—the Lenovo Way—with our own perspective, our own global point of view and our own commitment to building technology for people who view technology as a tool to accomplish great things.

## Our Values

At Lenovo we view our culture as a critical asset as important as an effective business model. We call our culture the “Lenovo Way”, and at its most basic, that culture is reflected in the statement: We do what we say and own what we do.

Our values serve as the foundation of our company and define who we are and how we work. Principal among them are:

- Serving Customers
- Trust and Integrity
- Teamwork Across Cultures
- Innovation and Entrepreneurial Spirit

## Our Heritage

Lenovo came about as the result of the merger of two of the most storied companies in technology and business: Legend Holdings in China and IBM’s Personal Computing Division in the United States. The merger was heralded as a watershed event in global business with the potential for integrating two disparate cultures, languages, processes and markets.

## Our Commitment to Corporate Citizenship (CSR)

Lenovo is committed to being a responsible and active corporate citizen, consistently working to improve its business while contributing to the betterment of our local communities, the environment and society overall. Lenovo practices corporate citizenship in many ways:

- Product quality and safety: Lenovo is focused on the safety of our products throughout their entire lifecycle, from manufacturing, transportation and installation to use, service and recycling or disposal.
- Safe and healthy workplaces: Lenovo prides itself on creating a world-class experience for its employees at facilities across the planet—from our headquarters and sales offices to our R&D labs to the manufacturing floor. In addition to meeting the legal requirements of the countries in which we do business, we ensure our employees have safe equipment and facilities; are offered competitive compensation packages; and are supported by stringent voluntary workplace safety standards.
- The highest ethical standards: Lenovo is committed to the highest standards of integrity and responsibility, including respecting and protecting intellectual property. We provide guidance to every employee on a wide range of issues, including ethical business practices, securities trading, health and safety, and compliance with legal and regulatory requirements.
- Concern for the environment: Lenovo is committed to environmental responsibility in all aspects of its business, from product design and supplier selection to manufacturing, facilities management, transportation and logistics and product lifecycle management, including recycling and reuse.
- Donating time and resources to philanthropy: Lenovo and its employees are committed

to helping those less fortunate and, when disaster strikes, to lending a helping hand to those who are in difficult circumstances. In addition, Lenovo has committed 1% of its pre-tax income to programs and initiatives that serve society to address issues in areas of great need, no matter where those areas or issues happen to be.

## Innovation: A Core Value

Lenovo owns the greatest track record for innovation in the PC industry and remains committed to innovation in its products and technology. We will continue to leverage the spirit of innovation and history of technological breakthroughs into new product categories and drive future growth. Innovation is how Lenovo achieves competitive differentiation and drives new market opportunities, such as mobile Internet, digital home and cloud computing.

Lenovo products consistently win awards and receive rave reviews. They deliver the high quality, reliability and durability to meet our customers’ demand. The ultimate goal of Lenovo’s R&D team is to improve the overall customer experience while driving down the cost of ownership.

Lenovo operates 46 world-class labs, including research centers in Yokohama, Japan; Beijing, Shanghai and Shenzhen, China; and Morrisville, North Carolina, U.S. Lenovo’s innovation strategy is based on a two-tiered approach to solving real-world customer problems:

- Focus the majority of development on ideas that can be brought to market within 24 months.
- Invest longer term in research targeting “game changing” big plays.

The company is rich in talent, employing more than 3,000 engineers, researchers and scientists. Lenovo’s R&D teams have introduced many industry firsts supported by a track record of innovation—including more than 2,000 patents and more than 100 major design awards. Acquisitions, collaboration with industry associations, and investments in research and development even in down cycles enable us to stay ahead of market trends and deliver a comprehensive portfolio of products.

Lenovo’s global scale and emphasis on innovation also give us a degree of visibility regarding the health and well-being of the communities and markets we serve. Through this we are better able to innovate and deliver relevant solutions that address a number of key sustainability measures addressed in this report from climate and energy to environmentally-conscious products, education and employee voluntarism.

As a result, Lenovo embodies unique market possibilities in combining the best of East and West—joining North American and China-based technology players in the creation of a unified global personal technology leader with growing market positions in developed and emerging markets alike.

Everyone at Lenovo takes great pride in our ability to attract top talent from diverse backgrounds, representing a broad collection of nationalities and languages. We view our differences and diversity as a source of strength in building a collaborative culture with one unified language and vision: to build the world’s most exceptionally engineered personal technology products and services.

## 3.2 LENOVO AT A GLANCE



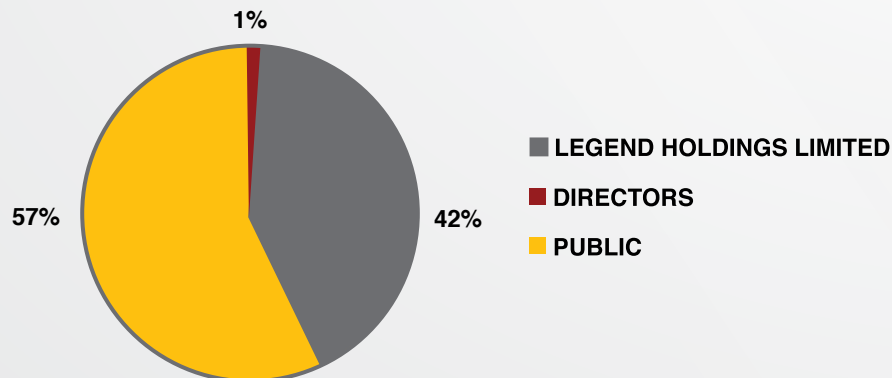
**Fortune Global 500 Company**  
Chief Executive Officer: Yang Yuanqing

### Incorporated: Hong Kong, 1988

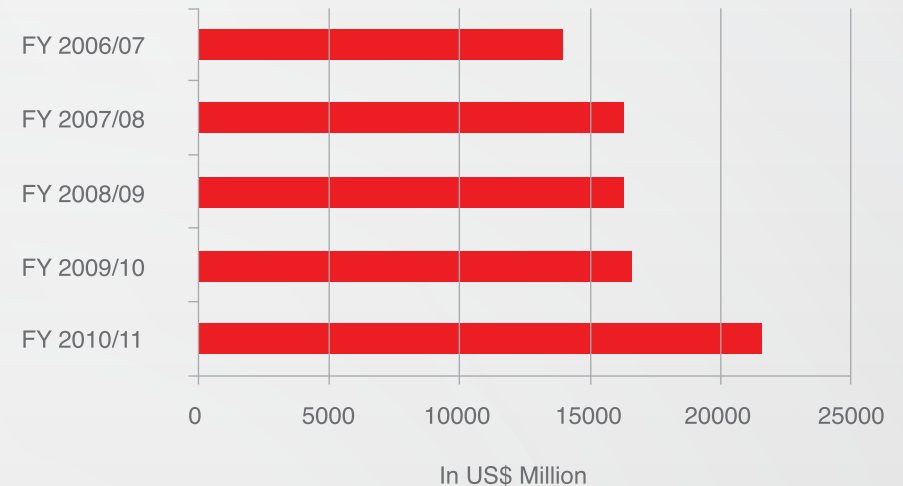
- Listed on The Stock Exchange of Hong Kong since February 1994 (Stock code: 992)
- Issued Level I American Depositary Receipts (ADRs) in March 1995 (Stock code: LNVGY)
- World's second largest PC vendor, the fastest growing PC maker among top four global vendors
- Major research centers in Yamato, Japan; Beijing, Shanghai and Shenzhen, China; and Morrisville, North Carolina, U.S.
- PC manufacturing and assembly facilities in Beijing, Shanghai, Huiyang and Shenzhen, China; Pondicherry, India; Monterrey, Mexico; Greensboro, North Carolina, U.S.; contract manufacturing and OEM worldwide

### Lenovo's Ownership Structure

Structure as at March 31, 2011



### Net Sales



### Number of Countries where Lenovo Operates

More than 60

### Number of Employees

More than 26,000 employees worldwide

### Engineers and Designers

3,000 R&D engineers

### Serving Markets in

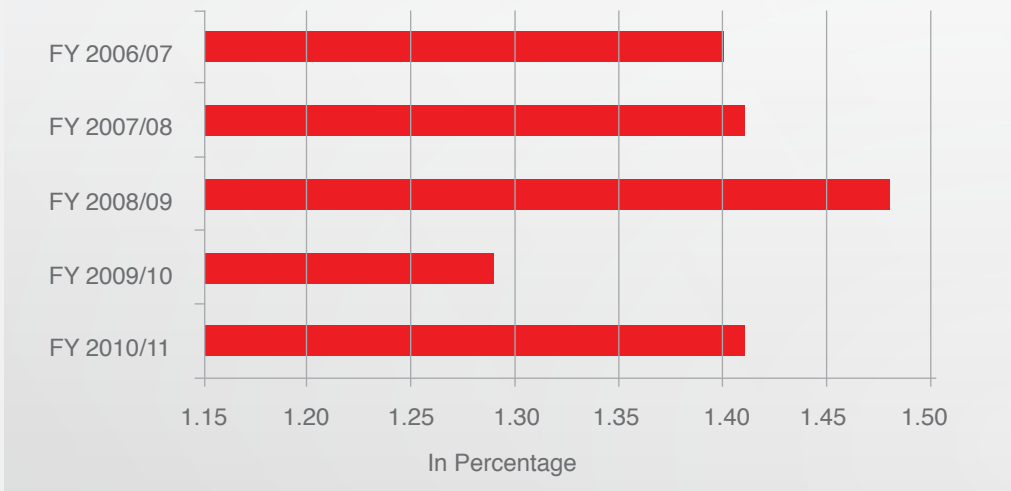
- More than 160 countries
- Our products are supported by global contact centers and leverage our worldwide services supply chain
  - ◇ with approximately 1,000 technical support agents, in over a dozen locations
  - ◇ serving customers in more than 25 languages
- Approximately 15,000 certified field technicians and over 1,000 authorized field service centers, to deliver millions of transactions in real-time every month, while focusing on both customer delight and scaling cost.



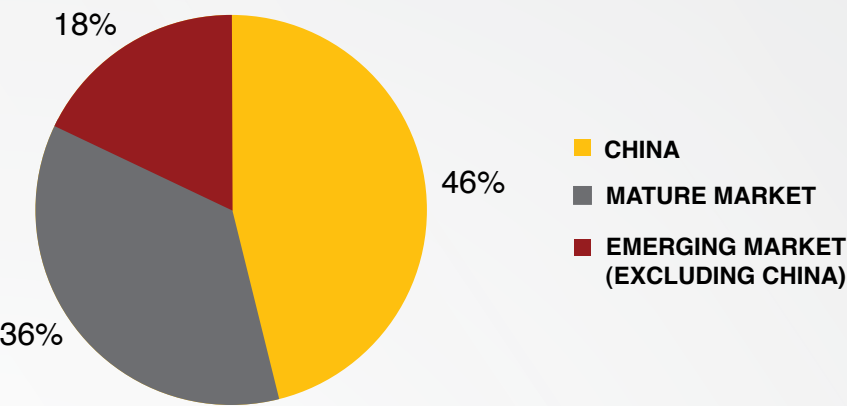
Lenovo Products

- ThinkPad® • ThinkPad Edge • ThinkCentre® • ThinkStation®
- ThinkServer® • ThinkVision® • IdeaPad® • IdeaCentre® • Lenovo Essential

Innovation Capacity Expressed as a Percentage of Sales



Graphic Representation of Sales by Region



Acquisitions/Joint Ventures

In January 2011, Lenovo announced an agreement to establish a strategic joint venture with NEC Corporation (NEC). This joint venture created the largest PC group in Japan, giving both Lenovo and NEC a unique opportunity to grow their commercial and consumer PC businesses in the world’s third largest PC market through a stronger market position, enhanced product portfolios and expanded distribution channels.

See [http://www.lenovo.com/ww/lenovo/investor\\_relations.html](http://www.lenovo.com/ww/lenovo/investor_relations.html) for more information.

## 3.2.1 WORKING WITH STAKEHOLDERS

No business can act alone. Lenovo acknowledges that a variety of perspectives are relevant to the making of this report and we have tried to address as many of them as possible.

Click on the links below to be taken directly to your area of interest.

- [Customers](#)
- [Employees](#)
- [Investors](#)
- [Regulators](#)
- [Non-Governmental Organizations](#)
- [Suppliers](#)
- [Communities](#)



Beijing, China

## 3.3 CORPORATE GOVERNANCE

Governance is the foundation of a sustainable company. Lenovo provides detailed information about its governance structure, policies and performance on pages 30–54 of the [Annual Report](#). For quick reference, the following overview is provided:

The governing structure of Lenovo consists of the Board of Directors (the “Board”) led by the Chairman and Chief Executive Officer (“CEO”). The Board and the Company’s senior management strive to attain and uphold a high standard of corporate governance and to maintain sound and well-established corporate governance practices in the interest of shareholders and other stakeholders.

The Company abides strictly by the governing laws and regulations of the jurisdictions where it operates and observes the applicable guidelines and rules issued by regulatory authorities. It regularly undertakes review on its corporate governance system to ensure it is in line with international and local best practices.

Throughout the year, ended March 31, 2011, the Company has complied with the code provisions of the Code on Corporate Governance Practices required for companies traded on the Hong Kong Exchange. The Company has also adopted the Model Code set out in Appendix 10 of the Listing Rules and has implemented a company policy based on this Model Code to govern securities transactions by directors and designated senior management of the Company. Finally, to address potential conflicts of interest at the Board level, it is expressly provided in the Company’s Articles of Association that, unless otherwise permissible in the Articles of Association, a director shall not vote on any resolution of the Board approving any contract or arrangement or any other proposal in which he/she is materially interested.

### Board of Directors

The Board is responsible for overseeing the overall strategy of the Company and directing and supervising its affairs in a responsible and effective manner, while management is responsible for the daily operations of the Company under the leadership of the CEO. The Board has formulated a clear written policy that stipulates the circumstances under which the management should report to and obtain prior approval from the Board before making decisions or entering into any commitments on behalf of the Company.

As of May 26, 2011, there were eleven Board members consisting of one executive director, six non-executive directors and four independent non-executive directors. The biographies and responsibilities of directors and senior management are set out in the [Annual Report](#), pages 62–65.

The Company has established four Board Committees: the Audit Committee, Compensation Committee, Strategy Committee and Governance Committee. Each Board Committee has defined terms of reference, available upon written request to the Company Secretary. Further detail on the duties and operation of these Board Committees is included in the [Annual Report](#), pages 32–35.

### Chairman and Chief Executive Officer

The positions of the Chairman of the Board and CEO at Lenovo have traditionally been held by separate individuals. The Chairman leads the Board in the determination of its strategy and in the achievement of its objectives whereas the CEO has delegated authority of the Board to take direct charge of the Group on a day-to-day basis and is accountable to the Board for the financial and operational performance of the Group. As of March 31, 2011, the posts of Chairman and CEO were held by Mr. Liu Chuanzhi and Mr. Yang Yuanqing respectively. Aside from their service to Lenovo, there is no relationship of any kind (including financial, business, family, other material and relevant relationships) between the Chairman and the CEO.

### Investor Relations and Communication with Shareholders

The Company is committed to the safeguarding of shareholders’ interests. Shareholders are provided sufficient notices of the Company’s annual meetings and are encouraged to attend and to actively participate in such meetings. All resolutions at the General Meetings are conducted by way of poll voting. Results of the poll are published on the Company’s website ([www.lenovo.com/hk/publication](http://www.lenovo.com/hk/publication)) and the HK Exchange’s website ([www.hkex.com.hk](http://www.hkex.com.hk)).

Lenovo has also established an investor relations team to promote open, transparent, efficient and consistent communications with shareholders, investors and equity analysts. The team commits to proactively providing the investment community all necessary information, data and services in a timely manner, in order to promote a solid understanding of the Company’s strategy, operations and new development. During the Fiscal Year 2010/11, the Company hosted a series of analyst briefings, webcasts, conference calls and global investor roadshows, and the senior management team presented its annual and quarterly earnings results in Hong Kong, New York, Beijing and San Francisco.

Further information about Lenovo’s 2010 Annual General Meeting and Investor Relations activities is available in the [Annual Report](#) at pages 44–45.



## Compensation Policy

Lenovo recognizes the importance of attracting and retaining top-caliber talent and is strongly committed to effective corporate governance. Consistent with this philosophy, the Company has a formal, transparent and performance-driven compensation policy covering its directors and senior management. Through this policy, Lenovo ensures that compensation is aligned to support the Company's strategy, attract and retain top talent, reinforce the Company's performance-driven culture, and reflect the market practices of other leading international and IT-focused enterprises, with particular focus on those who compete in the PC sector.

## Intellectual Property

Lenovo respects intellectual property rights. It is the Company's policy to avoid any infringement of copyright or other intellectual property rights of other companies and individuals in the conduct of its business. Employees are expected to obtain necessary license or other permission that may be required.

## Employee Code of Conduct

Lenovo strives to always operate in an ethical and legal manner. The Company has created a Code of Conduct (available online – [click here](#)) to inform and to guide employees in their everyday conduct at the Company. The Code was revised and reissued in 2009 and includes a training program to promote understanding and compliance.

## 3.4 LENOVO PRODUCTS

### We make DO Machines.

We are not just a technology company. We don't just manufacture electronics but engines that drive the world's Doers in their quest for what's next. Perpetual motion machines to keep the constant, ever expanding, ever improving, ever mind-blowing world of DO moving.

We are the company that powers the people who Do. The engine that helps them Do more, Do better. DO. What's never been done. So, we tinker for the tinkerers. Create for the creators. Build for the builders. Our greatest service is to develop the tools that make their work even greater. And we are united in the quest to help our users defy the impossible, every day.

ThinkCentre M90z



The EPEAT™ Gold ThinkCentre M90z is built with more than 41% post-consumer recycled plastic content and was the first TCO Certified EDGE all-in-one in the industry.

## 3.4.1 QUALITY



Lenovo has a well-earned industry reputation for delivering superior quality products. Lenovo's global Quality Management System, which has received ISO 9001 (International Organization for Standardization) certification, ensures the continual delivery of design improvements into Lenovo's current and future products.

ISO 9001 is the international standard for achieving overall quality in business process management. ISO 9001 requirements create the framework for conducting business in a manner that enables companies to realize the highest caliber of workmanship and customer satisfaction. This framework comprises the entire span of product and service delivery, from the purchase of raw materials or components, contract review, quality control product inspection, design, development, handling, delivery, employee training, and customer service and support. Lenovo strongly embraces the ISO 9001 commitment to an effective quality management system, and is dedicated to exceeding industry standards when it comes to detail, product quality and product reliability.

Building upon our company's heritage, Lenovo combines the talents of the innovation-driven China Legend team and the quality heritage from the former IBM Personal Computing Division, including some of the industry's top PC engineers to create a powerful global company focused on exceptionally engineered products. Product managers are responsible for establishing objectives and measuring results to drive continual improvement in quality and customer satisfaction throughout the organization.

Lenovo's comprehensive product development process includes prototype development, product testing and focus groups to ensure the company meets the diverse needs of our global customers. For instance, Lenovo proactively seeks input on design and product features from customers and partners. Prototypes are extensively evaluated, and final products undergo rigorous testing to ensure that they meet stringent standards specific to their application and use before they are cleared for shipment.

Lenovo's Technical Evaluation Center provides information and recommendations to Lenovo Engineering. Lenovo's Lessons Learned feedback loop aids in refinement and the maturation of our processes and elimination of recurring problems. As a result, Lenovo's product repair action rates are among the lowest in the industry.

Lenovo leaders are responsible for establishing objectives and using measurements to drive continual improvement in quality and customer satisfaction. All Lenovo employees are expected to contribute to this continual improvement as an integral part of our quality management system.

Lenovo's corporate quality policy is available at: <http://www.lenovo.com/quality>

### Customer-Focused Testing

Once the product development phase is completed and before production, Lenovo products undergo a series of customer-driven tests. These include ongoing customer simulation evaluations and customer simulation audits to evaluate product quality by removing systems from the box and setting them up in typical customer configurations. In addition, extended customer simulation tests are conducted on a sample basis with various configurations of product options and software. This last evaluation simulates the performance of the product through various standard customer applications. Lenovo has continued to enhance our customer-focused program by sending technical teams to support installations at customers' premises.

During and after the installation, there is ongoing dialogue between the customer and Lenovo. This provides timely feedback on installation progress, allows corrective actions to be rapidly implemented and pre-empts potential issues. This has proven to be highly advantageous during new product release as issues can be promptly addressed to minimize the impact on all customers.

## 3.4.2 SAFETY AND ERGONOMICS

Lenovo is committed to ensuring that our products are safe throughout their lifecycle, including manufacturing, transportation, installation, use, service and disposal. Corporate strategies, policies and guidelines have been designed to support this commitment to product safety. Each employee bears a personal responsibility to advance the following objectives:

- Meet all applicable legal requirements and voluntary safety and ergonomics practices to which Lenovo subscribes wherever we sell products.
- Select suppliers that demonstrate a similar commitment to safety and provide customers with adequate information to enable them to safely use Lenovo's products.
- Foster employee involvement and provide appropriate resources to develop and implement successful product safety initiatives.
- Continually improve product safety initiatives.
- Investigate product safety incidents and take prompt remedial actions to protect Lenovo's customers and employees.
- Periodically report on safety initiatives and incidents to senior executive management.

The following table depicts the process for product development and assessment for safety at various lifecycle points.

### Hardware Safety Assessment Requirements at Lifecycle Points

Point in Product Lifecycle	Hardware Safety Assessed
Development of product concept	No*
R&D	Yes
Certification	Yes
Manufacturing and production	Yes
Marketing and promotion	No**
Storage distribution and supply	Yes
Use and service	Yes
Disposal, reuse or recycling	Yes
*Too early at this stage. **Not relevant at this stage	

With a focused emphasis on product safety and quality, Lenovo is achieving high customer satisfaction and delivering quality products, solutions and services.

In FY 2010–11, there were no incidents that were subject to the reporting criteria of government safety regulations and voluntary safety agencies concerning the health and safety impacts of Lenovo products and services.

Click this link for Lenovo's corporate [Product Safety and Ergonomics Policy](#).



4.0 PEOPLE



# 4.1 LENOVO EMPLOYEES

## 4.1.1 DIVERSITY

As a global company with a rich heritage of Eastern and Western cultures, Remove valuing and respecting diversity is instrumental to Lenovo's success. By leveraging the diversity of our workforce, Lenovo is able to exceed market expectations, attract and retain top talent and create a workplace where employees achieve their greatest potential.

Lenovo bases our corporate policies on four key company values: customer service, innovative and entrepreneurial spirit, teamwork across cultures and trustworthiness and integrity. Lenovo's diversity policy is also grounded in these core values, seeking to drive innovation and creativity at Lenovo by leveraging both the similarities and differences of our diverse, talented and global workforce to support strong business performance.

### Diversity Commitment

Lenovo values the strength of our global workforce and recognizes that by bringing together employees with different perspectives and experiences, we spark innovation and better decision making, which contribute to our long-term success.

### Key Diversity Executives

Lenovo has a globally dispersed, multicultural management team with broad expertise that sponsors key culture initiatives. Lenovo's key diversity executives are:

- Yang Yuanqing, Chairman and CEO, serves as executive diversity sponsor.
- Yolanda Conyers serves as Lenovo's chief diversity officer.
- Gina Qiao, SVP – Human Resources, serves as executive sponsor of Women In Lenovo Leadership (WILL), Lenovo's global women's initiative.

### Diversity Initiatives

Lenovo's current and ongoing initiatives in the area of diversity include:

- Developing the workforce to reflect our diverse marketplace.
- Ensuring diversity is the main component of culture and the business model while driving innovation and respect for differences.
- Positioning Lenovo to utilize diverse suppliers.
- Participating in community outreach and other external partnerships to support global business initiatives.

### Women In Lenovo Leadership (WILL)

- ♦ WILL was launched in 2007 on International Women's Day with the purpose of addressing key priorities that support a woman's growth and contribution to the company.
- ♦ Gina Qiao, SVP – HR serves as the executive sponsor of WILL.
- ♦ WILL involves events, programs and HR processes to enhance work life balance, mentoring, networking, training and external partnerships with other players engaged in initiatives for women.
- ♦ WILL is a global program with regional leaders in Australia/New Zealand, Brazil, Canada, China, France, Mexico, Western Europe, UK, India, Japan, South Africa and the U.S. These leaders provide specific focus on topics of interest to women in these regions.
- ♦ WILL contributes to the overall business strategy of Lenovo and is therefore a key ingredient to profitability. Employees have an opportunity to leverage their diverse experiences and knowledge to expand their growth. We are uniquely poised to help our company and organizations successfully maneuver this new diverse, global reality because we have such a strong foundation in advocating for, and advancing, inclusion in our workplace. WILL is an essential part of developing an outline of how our current and future leaders can develop and leverage their skills to help make all of our companies and organizations more successful on a global scale.

WILL also participates in key events to address visibility and awareness, including:

- ♦ Partnership and participation with The Women's Forum for Economy and Society in Deauville, France, October 14–16, 2010. This is the 5<sup>th</sup> consecutive year for this partnership. Since its inception, the Women's Forum has done much to promote and give credibility to women entrepreneurship and women executives globally.
- ♦ Participation in IT Diversity Forums in Western Europe.
- ♦ Participation in Cercles InterElles conférence in France. This networking conference with over 600 participants from 10 companies provides the opportunity to analyze conditions for success and identify obstacles that women face.
- ♦ Sponsoring global key events, e.g., panel discussions, community activities and networking events.
- ♦ Hosting events that address training, career development, mentoring and work/life balance for all women at Lenovo by partnering with WITI, Working Mothers Media, local chamber organizations and the Center for Creative Leadership.



- ◇ Hosting global executive roundtables to discuss women's promotion in our company, networking and mentoring.
- ◇ The "Fran O'Sullivan WILL Scholarship" program was initiated in 2010. Women attending any U.S. accredited college with a declared major in math, science or computer engineering are eligible to receive this scholarship of \$5,000.

## Marketplace and Supplier Diversity

Lenovo also strives to promote diversity in the companies we choose to partner with as subcontractors. Lenovo is continuing to refine our U.S. marketplace and supplier diversity strategy, which will focus on three key goals: increasing access to diverse talent, increasing access to a diverse supplier base and supporting entrepreneurship in local communities.

Lenovo is a key sponsor of the Girls in Engineering Program and the Global Marathon, which provide education and awareness to encourage girls to consider careers in engineering and technical fields.

## Diverse Business Relationships

Lenovo is committed to promoting diversity in our business relationships, including fostering the utilization and development of minority, women and other small business concerns for the procurement of products and services. Lenovo's corporate strategies, policies and guidelines are aligned to support this commitment to diverse business relationships.

## 4.1.2 ETHICS AND COMPLIANCE

Lenovo has a chief ethics and compliance officer who manages the company's global ethics and compliance program. Lenovo's Ethics and Compliance Office oversees ethics and compliance across the organization, working in partnership with our business units to see that we achieve our business goals while meeting the letter and spirit of the legal and regulatory framework in which we operate. Our Ethics and Compliance Office plays a critical role in providing employees with the resources and information they need to make the right choices and decisions. With these systems in place, we describe clear expectations for employees and hold them accountable for their behavior.

To make sure employees understand the company's expectations, we established a Code of Conduct in 2009 that applies to all employees worldwide and which is an integral part of our ethics and compliance program. The Code demonstrates Lenovo's commitment to a culture of uncompromising integrity and helps employees determine when to seek

advice and where to obtain it. All Lenovo employees are required to comply with the Code, which is available in seven languages and is accessible on our website at [http://www.lenovo.com/social\\_responsibility/us/en/2011\\_Lenovo\\_CodeofBusinessConduct\\_EN.pdf](http://www.lenovo.com/social_responsibility/us/en/2011_Lenovo_CodeofBusinessConduct_EN.pdf)

Furthermore, in keeping with best practices, Lenovo has developed and implemented an Anti-Bribery and Anti-Corruption Policy which reinforces the message in the Code of Conduct and provides additional specific guidance regarding compliance with rules and laws related to bribery and corruption.

Employees are further required to participate in regular training to reinforce the company's commitment to compliance and to conducting business with integrity. In addition, all new employees receive training and information about our ethics and compliance program upon start of employment. Additional information about the company's commitment to conducting business with integrity is provided through the company's intranet and other periodic communications.

Lenovo provides formal, confidential ways to report when potential violations of law, company policy or the Code of Conduct occur. These include postal mail, e-mail and our LenovoLine, which is a confidential reporting system accessible 24 hours a day, seven days a week by secure website or toll-free telephone with translators available. Where allowed by law, employees may report concerns about business practices anonymously if they choose, which is designed to encourage reporting and protect against fear of retaliation. The LenovoLine and other resources are also available to help counsel employees who may have questions or concerns. Lenovo regards any suspected violation of law, policy or the Code as a serious matter and is committed to follow up on all reported concerns, which are addressed and tracked to resolution.

Lenovo also provides a detailed description of its Internal Controls and Internal Audit function, including risk assessment, risk management and compliance, on pages 42–44 of its 2010/11 [Annual Report](#).

## BLOOD DRIVES

### Lenovo employees support blood drives

Lenovo Morrisville together with Rex Blood Services sponsors blood drives throughout the year. During FY 2010/11, 351 Lenovo employees donated 309 pints of blood, which will save as many as 960 lives.



## 4.1.3 OCCUPATIONAL HEALTH AND SAFETY



Fostering a safe and healthy working environment for Lenovo employees located in more than 60 countries is essential to our core values and our ability to attract, retain and motivate the best talent.

Lenovo is committed to creating and maintaining a workplace that provides for optimal employee health and safety. This commitment is reflected in Lenovo's corporate health and safety policy, which focuses on creating and maintaining a workplace that provides for the health and safety of all employees and reinforces the importance at every location in which the company does business.

Full support of employee health and safety through education, prevention and controls is vital to our innovation, productivity and continual improvement. Every employee and contractor of Lenovo must follow this policy and report any safety and health concerns to Lenovo management.

### Health and Safety Performance

There were no significant accidents involving Lenovo employees, fires that resulted in property damage or regulatory violations at any of our locations in which we do business.

Standardizing Lenovo's Global Occupational Health and Safety (OHS) organization across the company's operations has helped establish world-class standards and procedures to ensure employee workplace safety and prevent work-related injuries and illnesses. Lenovo is OHSAS 18001 certified from Bureau Veritas, a leading independent certification body, at all global manufacturing locations.

The OHS team conducts rigorous corporate, internal audits and self-assessments to ensure compliance while continually driving processes and program improvements. We monitor injuries and accidents and perform investigations to prevent reoccurrence.

For 2010, Lenovo's manufacturing incident rates were well below comparable industry averages. Specifically, the total incident rate was 0.41 and lost time rate was 2.06. Acquired companies may gather and report data in a different manner relative to the sector standard. As part of Lenovo's OHSAS 18001 change management process, OHS is proactively involved in business integration efforts to ensure consistent implementation across all global manufacturing locations. This would include performance metrics such as incident rates.

### Training

Global manufacturing employees receive mandatory safety training and are required to follow all Lenovo safety and health requirements. At all manufacturing and select field locations, safety committee-type programs have been established. The goal of these committees is to provide a mechanism for employees to bring forward potential safety concerns and participate in the necessary corrective action.

Lenovo voluntarily conducted Radiation Awareness training to global manufacturing employees following the 9.0 earthquake and tsunami that occurred in Japan on March 11, 2011, as a result of cooling failure at the Fukushima Daiichi Nuclear Power Plant. In addition, Lenovo conducted radiation measurement testing at our internal manufacturing facilities and at major ODMCM locations. This process is to both ensure that our global manufacturing employees are educated on radiation awareness safety and provide information for any potential customer inquiries regarding our products. With over 23,000 units tested, there were no recorded levels of contamination in our manufacturing facilities or shipped products.

At our field locations Lenovo offers safety training, such as Emergency Evacuation, Office Safety and Ergonomics training and has developed a comprehensive global internal website and tools to assist employees in assessing their work environment. One of the tools is a dedicated "AskOHS" e-mail account available to all employees that enables them to obtain safety and health direction and support.

### Employee Wellness

Informational resources are made available to assist employees on various wellness matters and disease prevention. Health and safety information/requirements are available and shared with non-Lenovo employees on a needs basis. In support of business continuity planning, Lenovo has developed and activated comprehensive pandemic plans and procedures to limit the potential impact of health-related concerns, such as the H1N1 virus.

Additionally, the company engages in a number of comprehensive wellness initiatives, and provides employee assistance programs and medical consulting services to promote overall employee health. For instance, medical screening services offered in a number of China locations, eye care services offered in Pondicherry, India and a PowerUp Fitness Center available to U.S. – Morrisville, NC employees are just a few examples to motivate employees to engage in a health and fitness lifestyle. Examples of other employee health promotion offerings include health risk assessments, influenza immunization clinics and a wellness program that rewards employees for engaging in healthy behaviors and activities.

We are proud that a number of local, national and "best in class" awards have recognized Lenovo in consecutive years dating back to 2005 at our China and North America facilities for wellness programs and low work-related injury and illness rates by government agencies.

Lenovo's Shenzhen (LIPC), China facility was recognized with its sixth consecutive "Safety Outstanding Contribution" award from the FuTian District Safety Government Committee for 2010. This award is noteworthy because Lenovo was one of only 57 recognized companies and institutions out of over 5,000 submissions to the government as a responsible corporate citizen, actively taking care of employees and the community.

The United States Fulfillment Center (USFC), in Whitsett, North Carolina was recognized by the North Carolina Department of Labor with their third consecutive annual Gold Award while the Morrisville, North Carolina headquarters location was recognized with its sixth consecutive Gold Award for accident prevention in 2010. In addition, both the USFC and Monterrey, Mexico locations received the "Highly Protected Risk" award from Factory Mutual Global Commercial Insurance Company by following FM Global property loss prevention programs such as fire protection system testing and emergency planning.



## 4.1.4 HUMAN RIGHTS

Lenovo is committed to protecting human rights. We are a signatory to the United Nations Global Compact, which is a public-private strategic policy initiative for businesses committed to aligning operations and strategies with ten universally accepted principles in the areas of human rights, labor, the environment and anti-corruption. As a signatory, we support and respect the protection of internationally proclaimed human rights and ensure that our business practices are not complicit in human rights abuses.

### Human Rights in the Supply Chain

Lenovo is also a member of the Electronics Industry Citizenship Coalition (EICC) and is an adherent to the EICC Code of Conduct internally and for our supply chain. The Code safeguards the working and environmental conditions, which include the area of human rights, of our employees and suppliers. To that end, Lenovo has established strong EICC-compliant operations and tracks independent third-party EICC audits. The EICC Code of Conduct provides guidance in five critical areas including: Labor, Health & Safety, Environment, Ethics and Management Systems.

Specifically, Lenovo executes EICC efforts with over 99 percent of our procurement spend, and 100 percent of these targeted suppliers have agreed to comply with the EICC. This includes tracking suppliers for annual self-assessments using EICC-approved providers and tools, bi-annual third-party audits, audit reports and tracking of action items.

In addition to conducting supplier education and training on EICC code/compliance, Lenovo has partnered with the EICC on supplier training events relating to topics such as supply chain capability building, material extraction, working hours, EICC eLearning modules, carbon reporting and energy efficiency.

Lenovo has partnered with the EICC and member companies on supplier training events in China to increase awareness and assist China-based suppliers to understand and conform to the EICC Code of Conduct.

Lenovo participates in the EICC validated audit program and requests suppliers to conduct EICC audits on their facilities. Corrective action plans are put in place and tracked to closure for any non-conforming areas. Also, Lenovo has strengthened its supplier performance process to reward and/or penalize performance as it relates to sustainability efforts.

### Conflict Minerals

Lenovo's strategy and performance on this issue is discussed in the Global Supply Chain section of this report ([section 4.2](#)).

## 4.1.5 EMPLOYEE DEVELOPMENT

### Personal Educational Development

Lenovo University is the company's personal educational development initiative designed to give employees the opportunity to acquire core competencies and skills needed for the future, while helping Lenovo retain a competitive global work force. With a growing list of innovative educational offerings, Lenovo University offers various programs ranging from online training to individual development planning.

Most recently Lenovo has implemented Learning@Lenovo, a suite of new employee development initiatives that reaches executives, people managers and individual contributors through three global programs (Leading@Lenovo, Managing@Lenovo and Contributing@Lenovo).

All Lenovo employees receive ongoing training in areas such as culture, compliance, information security and performance management during the year. One hundred percent of employees receive performance and career reviews at least annually.

### Mentoring

Lenovo also supports an active mentoring program. Mentoring relationships are an excellent way to grow an employee's skills and knowledge in order to develop his or her full potential. Mentees and mentors both gain from participation in a mentoring relationship. Mentees can increase their understanding in the targeted subject area, and mentors can sharpen their leadership and coaching skills. To aid employees in the mentoring process, Lenovo provides an online book, "A Guide for Mentoring at Lenovo".

Lenovo welcomes new employees with the Lenovo New Employee Orientation Program, which helps educate new employees on a wide variety of topics, including Lenovo's history, culture, business practices and policies as well as all of the tools and resources available to employees.

Lenovo encourages cross-cultural development by means of diverse experiences. Development is strengthened by increased frequency and quality of the career development discussions that employees have with their managers. The new program Managing@Lenovo has a particular focus on improving career development discussions. The primary source of career development support comes from an employee's immediate manager.

As managers learn to better support their employees' career development aspirations, they will be guided to help employees understand that career development happens not only in moving up the hierarchy, but also by moving laterally and improving growth and mastery within one's current role as well. We also encourage employees to take ownership of their careers and utilize the strategy of a mix of diverse experiences, relationship building and educational components to aid in further development.



### HABITAT FOR HUMANITY

Lenovo employees volunteered more than 280 hours in support of Habitat for Humanity in the local Morrisville, NC area. Habitat for Humanity is an international nonprofit organization devoted to building "simple, decent and affordable" housing. Homes are built using volunteer labor and are sold at no profit.

## 4.1.6 GLOBAL BENEFITS

Lenovo recognizes the importance that employees and their families place on a comprehensive benefits package. To ensure that Lenovo can attract and retain high-quality talent in the competitive technology marketplace, a variety of benefits are offered that are designed to aid in managing and protecting the physical and financial well-being of employees and their families. Benefit packages are designed to follow these strategic guidelines:

- To position Lenovo competitively within the local marketplace.
- To align with and support Lenovo business and cultural strategy.
- To be differentiated through Lenovo's commitment to wellness.

To achieve these goals, Lenovo must be flexible and consider varying customs, practices, legal requirements and employee expectations around the world to design impactful benefits programs.

### Health Benefits

Private health benefits are offered in many countries to supplement government-provided health care. These arrangements often permit employees to provide coverage for dependents, including spouses, domestic partners, children or other family members. Employees may share in the cost of these benefits, especially when coverage for dependents is available. However, Lenovo shoulders the majority of these costs as an investment in the well-being of employees.

Wellness is a critical component of Lenovo's benefits programs. Lenovo believes that a successful wellness program can result in benefits that go way beyond the financial measure of reduced medical costs, with more productive employees and less absenteeism most notable among them. "Live Well with Lenovo", the Lenovo wellness brand, will be re-launched in 2012 as Lenovo begins a strategic partnership with a new vendor to introduce a redesigned and comprehensive wellness and incentive program in the U.S. Components of the U.S. program

will include a health risk assessment, health coaching, expanded nutrition and fitness online tools, wellness seminars and other educational content, an incentive program designed to foster participation in the programs, and a free employee membership in Lenovo's PowerUp Fitness facility located at the Morrisville, North Carolina campus. Outside the U.S., Lenovo currently offers a variety of wellness programs, including fitness facility discounts, health coaching, stress and lifestyle management programs, and access to health educational material. Lenovo's long-term wellness goals include the expansion of its wellness brand and related programs globally under one comprehensive umbrella, where appropriate.

### Income Protection

In the event that an employee is unable to work due to illness or injury, Lenovo provides for protection of income in many countries. These benefits may take the form of salary continuation for a period of time and generally supplement government-provided benefits. For longer periods of illness or injury, Lenovo commonly provides additional disability benefits.

### Retirement or Post-Employment Savings

To supplement the income of employees and survivors after retirement or separation from Lenovo, a variety of savings programs are offered. These programs may be mandatory or voluntary, depending on legal and marketplace considerations. It is quite common for programs to have both an employee and employer contribution component, with the latter signifying Lenovo's willingness to make a current investment to provide future security for employees and their families. It should be noted that even during volatile economic times and company performance, Lenovo did not reduce its contribution levels to employee retirement programs.

### INTERELLES

Lenovo is a leading member of InterElles, a woman-focused network created 10 years ago by large technology companies Air Liquide, AREVA, CEA, EDF, Orange, GE, IBM France, Schlumberger and Thales. The group's objective is to share best practices to ensure diversity within teams in the technology environment and facilitate the hiring and retention of female talent. Lenovo contributed to the annual conference on March 8<sup>th</sup>, 2011, which was attended by 600 people. Lenovo will lead the organization's next conference. InterElles is a French initiative that is part of the WILL global activities.



### Lenovo Japan's U.dream Project – Leveraging Information and Communication Technologies in Innovative Curriculums

Lenovo Japan is focused on how Information and Communication Technologies (ICT) can play a role in innovative approaches to education, environmental affairs and entrepreneurship. In 2010 Lenovo Japan announced the U.dream project directed toward schools. Among the many projects U.dream has been involved with during the year, one of the most notable has been the "Innovative Schools Project". This project works collaboratively with Microsoft® to drive and promote the use of ICT in innovative curriculums for next generation educational methods. Lenovo donated 60 ThinkPad X220 Tablets to the University of Tokyo and also 40 tablets to a public high school in Toshima Ward.





## 4.1.7 COMPENSATION PERFORMANCE AND RECOGNITION

We believe that our employees are the most valuable strategic resource at Lenovo. We recognize the importance of each unique individual and their need to be recognized frequently and rewarded fairly. A fully engaged workforce is the key to our differentiation and exceptional business performance. Lenovo believes, and invests heavily, in the concept of Total Rewards which consists of five key elements: compensation, benefits, work-life, performance and recognition, and development and career opportunities. We believe that, collectively, these five elements are critical to attract, motivate and retain our most valuable strategic resource.

Lenovo's culture is to tie pay to performance. We believe that exceptional individual performance will support and drive exceptional business performance, which will result in exceptional pay for individuals. All "Key Performance Indicators" throughout the organization are linked to a business strategy.

In terms of our pay practices, we carefully monitor and evaluate market trends in each of our geographic locations to ensure that we remain competitive. Our culture allows us to react quickly when we see trends changing.

In addition to maintaining a competitive wage, we have a comprehensive and globally consistent performance management and bonus program that we call the P3 Bonus Program. P3 stands for Priorities, Performance and Pay and is closely aligned to what we call The Lenovo Way. The Lenovo Way contains two key elements: delivering on our commitments and taking ownership in everything we do.

Reward and recognition are very important at Lenovo, so much so that we also encourage every business unit leader to develop supplemental programs, based on broad global guidelines, which reinforce frequent and continuous recognition of successful collaborative efforts and exceptional performance within their organizations.

## 4.1.8 PRIVACY, WORK ENVIRONMENT AND EMPLOYEE COMPLAINT PROCESS

### Privacy

Lenovo is committed to protecting the personal data of our employees, customers, resellers and others. Corporate strategies, policies and guidelines support this commitment to protect personal information. Managers and employees are responsible for fulfilling the following general principles for collecting, using, disclosing, storing, accessing, transferring or otherwise processing personal information.

[Click here](#) to see Lenovo's Data Privacy Policy.

### Work Environment

Lenovo is committed to providing a work environment free from harassment, including harassment based on race, color, religion, gender, gender identity or expression, national origin, ethnicity, sexual orientation, sex, age, disability, veteran status or any other characteristic protected by law.

[Click here](#) to see Lenovo's Employee Health and Safety Policy.

### Employee Complaint Process

Lenovo provides guidance to its employees regarding how to raise questions or concerns about any aspect of their work at Lenovo, and has established clear processes to support these reporting channels. This guidance is communicated in several ways, including through Lenovo's Code of Conduct and the Diversity and Non-Discrimination Policy.

[Click here](#) to see Lenovo's Commitment to Diversity and Nondiscrimination.

Employees are directed to report to their managers, Human Resources, the Ethics and Compliance Office, or the local Lenovo Legal Department any information pertaining to:

- ♦ Fraud by or against Lenovo
- ♦ Unethical business conduct
- ♦ A violation of legal or regulatory requirements
- ♦ Substantial and specific danger to health and safety
- ♦ A violation of Lenovo's corporate policies and guidelines, in particular its Code of Conduct

Lenovo has a clear nonretaliation policy, and will not tolerate harassment, retaliation, discrimination or other adverse action against an employee who:

- ♦ Makes an internal report in good faith
- ♦ Provides information or assists in an investigation regarding such a report; or
- ♦ Files, testifies or participates in a legal or administrative proceeding related to such matters

Managers are required to report and help resolve any suspected violation of the nonretaliation policy. Complaints of alleged retaliation will be promptly addressed and investigated.

Reports of inappropriate behavior, policy violations or alleged retaliation will, to the extent permitted by law and consistent with an effective investigation, be kept anonymous and confidential.

## 4.1.9 PUBLIC POLICY

Lenovo maintains good relationships with local governments around the world and seeks to be a responsible corporate citizen in the countries in which it operates. Lenovo strives to adhere to the highest standards of integrity and accountability when dealing with government rules and regulations. From time to time, Lenovo engages in lobbying, as appropriate and usually through industry trade association groups, to ensure that its voice is heard on matters of importance to the company and its customers.

Lenovo requires its employees to be truthful and accurate in all correspondence with all government authorities. Lenovo also requires its employees to avoid potential conflict-of-interest situations, including the appearance of a conflict of interest even if an actual conflict of interest may not exist.

## 4.2 GLOBAL SUPPLY CHAIN

Lenovo is committed to engaging with our suppliers so that we can empower them to uphold working standards and help them manage social and environmental impacts from their operations. Lenovo is steadily widening the range of sustainability criteria covered by its supply chain oversight activities.

### Supplier Performance Management:

- Lenovo has been a member of the Electronics Industry Citizenship Coalition (EICC) since 2006, and we have direct and joint participation in EICC and Global e-Sustainability Initiative (GeSI) work group activities, training events, GreenHouse Gas emissions reporting, validated audit program and other activities.

**About EICC:** Lenovo leverages its membership in the EICC to work together with other member companies to create a comprehensive strategy as well as tools to monitor supplier performance. By establishing common approaches, we can potentially reduce inefficiency and duplication and make performance easier to audit. EICC audits examine 150 key areas at each site. Supplier compliance with the EICC code is a continuous improvement process. EICC's website: <http://www.eicc.info/>

- Lenovo manages all operations consistent with the spirit and intent of the United Nations Universal Declaration of Human Rights and the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work.
- Lenovo has its own active programs driving the EICC Code of Conduct requirements to our supplier base and works on an annual basis to extend our programs. We also are increasing our program personnel resources to conduct further sustainability activities. For example, Lenovo will be directly engaging Non-Governmental Organizations, such as China's

Institute of Public & Environmental. Affairs to align with desired practices and to further trace and certify our supply chain.

- Lenovo's standard purchase order terms and conditions stipulate supplier compliance to environmental specifications, material declaration processes and full compliance with all applicable laws including export and import and product safety. Suppliers must also implement and maintain documented quality and environmental management systems that meet ISO 9001 and ISO 14001 certification standards. Lenovo purchase orders also include compliance with the U.S. Government Federal Acquisition Regulations for Utilization of Small Business concerns.
- Lenovo's goal is to measure performance and provide regular feedback to core and strategic suppliers. Supplier performance feedback is accomplished through formal performance reviews, participation in supplier performance programs and normal business communication channels. Lenovo and each of its suppliers work together to develop an action plan. Lenovo conducts quarterly supplier performance evaluations that review a supplier's progress against its action plan and includes a corrective action mechanism.
- Supplier performance is measured in key areas including quality, delivery/flexibility, technology, cost reduction and service. The intent of the measurement is to provide the supplier with Lenovo's view on how well the supplier is meeting Lenovo's business needs. We encourage suppliers to provide Lenovo with assessments of our performance as a customer. This information serves as the basis for mutual discussions on improving the business relationship.

## JAPAN EARTHQUAKE

### Lenovo Japan's Response to the Earthquake and Tsunami in Japan

Lenovo Japan responded to the earthquake and tsunami by refining our local emergency procedures and garnering support from Lenovo worldwide. In refining local emergency procedures, Lenovo created a crisis committee, donated emergency kits and developed a contact tree. We also extended network and telecommunications access. Aid generated from Lenovo Worldwide included:

- Joint donation from Lenovo executives in the amount of US\$1,000,000
- US\$23,000 donated by the Lenovo Hope Fund
- A US\$20,000 donation to the Red Cross by Lenovo China
- Lenovo Japan matched Japanese staff contributions of US\$11,700
- Total Lenovo Hope Fund donations of US\$34,700 to ASHINAGA
- Lenovo Japan, together with Microsoft®, donated 200 PCs to the affected area

## 4.2.1 GLOBAL SUPPLY CHAIN PROGRESS IN FY 2010/11

Corporate Social Responsibility (CSR) has been a key component of the assessment process since 2007.

Focus areas for the year were in the key areas of **logistics, GSC site operations, packaging, production supplier engagement and procurement**. Details on each area are provided below.

### 1. Logistics

Lenovo continued its membership in SmartWay, a voluntary partnership with the U.S. Environmental Protection Agency (EPA). Through this partnership, Lenovo continues to measure and improve our Canada and U.S. shipping efficiency. The lessons learned through SmartWay also transfer to other parts of our global operations. In addition, the Global Logistics team has continued to drive from higher-carbon air shipments to more environmentally friendly ocean shipments. In FY 2009/10, Lenovo improved its notebook ocean shipments by 18 percent. Finally, the Logistics team completed a risk assessment of its China shipping suppliers for EICC compliance.

### 2. GSC Site Operations

Lenovo conducts regular Occupational Health, Safety and Environmental assessments at our major contract manufacturing locations to ensure high levels of compliance and social responsibility. As part of these reviews we also assess the effectiveness of our suppliers' management systems.

### 3. Packaging

This year Lenovo started a pilot run for a new lightweight pallet. The pilot run is ongoing with an estimated savings of approximately 1,000 tons of wood per year. This materials replacement initiative started in January 2011 and is estimated to achieve significant cost savings per unit while achieving energy, climate and materials resource load reduction objectives.

### 4. Production Supplier Engagement

- Lenovo completed third-party EICC audits at six manufacturing facilities in China, Mexico and India. Results of these audits were considered strong by the third-party auditors along with prompt corrective measures provided for items identified during the audits.
- To ensure continuous improvement, Lenovo is currently conducting ongoing EICC validation audits of these facilities on a periodic basis.

**Key EICC Focus Areas:** Lenovo is participating in new and on-going EICC projects. Lenovo has conducted EICC Carbon Reporting programs to use a standard approach to measuring, reporting and reducing carbon emissions in the global electronics supply chain—<http://www.eicc.info/CarbonReportingSystem.shtml>. We also are involved with growing focus with EICC Minerals Extraction programs to trace, audit and certify the supply chain with respect to conflict materials—<http://www.eicc.info/initiatives02.shtml>

- Lenovo's Occupational Health and Safety organization is in the process of pursuing EICC auditor certification to further align with its current ISO 14001 and OHSAS 18001 auditor certifications and internal audit process. All manufacturing operations are in compliance with the latest international environmental, health and safety standards.

## 5. Procurement

Lenovo Global Procurement is responsible for buying products such as computer parts and services. Lenovo strives to balance cost, quality, technology and innovation to provide the greatest value to our customers. The chief procurement officer has mandated the highest levels of ethical standards through our formally stated core values, principles and practices ([http://www.lenovo.com/global\\_procurement/us/en/index.html](http://www.lenovo.com/global_procurement/us/en/index.html)).

### Current Procurement Activity

- Procurement sustainability efforts covered approximately 99 percent of our procurement spend and all high-risk areas.
- Currently 100 percent of these suppliers have executed formal agreements to comply with the EICC, 97 percent have conducted self-assessments on time and 76 percent have conducted audits on time.
- Procurement has conducted over the past two years 12 training events, several jointly with the EICC on Awareness, E-Tasc, Audit and other topics covering hundreds of suppliers. Audit findings are mostly occurring in Labor and Health & Safety areas with fewest findings in the Environmental area.
- In FY 2010/11 we tested our program semi-annually to ensure that we were achieving our internally stated targets. Compliance testing results and any corrective actions are summarized and communicated to the chief procurement officer.

## HEALTH PROGRAMS

### China Health Management Program Wins Award

One of Lenovo's key manufacturing sites has been honored for the outstanding health programs it runs for employees. The Occupational Health and Safety organization at the Lenovo Shenzhen (LIPC) site won the International Corporate Health Management Excellence Performance Award.

This award was given at the 2010 Shanghai Expo Enterprise Health Management Summit Forum, an event organized by the Chinese Medical Doctor Association and Health Maintenance Organization (CMDA-HMO). The event was held in Shanghai on June 17, 2010. Lenovo was honored for its wide-ranging wellness programs, the health/medical consulting services offered employees, preventive-medical programs such as flu vaccinations, and well-organized emergency plans. This award for LIPC comes after winning local awards for three consecutive years from the local health management department in Shenzhen.

The Forum honored more than 20 enterprises with the award. Among the other organizations honored were GE China, Motorola China, Abbott China and Huawei.





## 4.2.2 STANDARD

### PROCUREMENT PRACTICES

- Procurement establishes compliance to requirements by means of contractual agreements, comprehensive material content declarations and supplier performance management.
- Procurement Engineering requires suppliers to formally declare their compliance to a restricted materials content and reliance on hazardous substances specification covering hundreds of elements and compounds.
- Procurement conducts approximately 200 supplier report cards quarterly and supplier participation in sustainability efforts is one of the performance criteria. Performance feedback is accomplished through formal reviews and normal communication channels.
- Suppliers that are not meeting standards are required to develop action plans.
- Monthly tracking is performed to ensure timely execution of supplier report cards, and compliance testing is conducted quarterly to ensure performance feedback activities occur thoroughly and properly.
- We ensure suppliers are contractually committed to complying with EICC standards; suppliers self-assess their compliance annually and suppliers receive third-party audits at least every 24 months. These agreements also require the supplier to notify Lenovo of any areas of noncompliance, that supplier's tier 1 suppliers will become compliant with the EICC and they will self-audit from an EICC-approved auditor. Lenovo suppliers use EICC-approved tools and providers for self-assessment (e.g., E-Tasc, EICC-ON) and EICC-approved auditors. Lenovo also has financially invested in the validated audit program to help drive audit coverage of suppliers.

## 4.2.3 GREENHOUSE

### GAS EMISSIONS

Furthermore, Lenovo Procurement has participated annually in the EICC standard approach, tools and providers for suppliers to report their GHG emissions and other environmental data, and we are working with suppliers to set reduction goals.

## 4.2.4 CONFLICT MINERALS

Lenovo supports an industry approach to address the conflict minerals issue. Lenovo participates in the EICC and GeSI Extractives Work Group which is developing tools to trace tin, tantalum and gold through the supply chain. In FY 2009/10, Lenovo participated in and provided funding to a "Conflict-Free Sourcing" pilot program run by ITRI (The Tin Association). The pilot was a mineral tracking program in the Democratic Republic of Congo (DRC) to identify mines of origin for minerals in the electronics industry supply chain. Also in 2010, EICC and GeSI launched the Conflict-Free Smelter (CFS) program which aims to identify smelters that can demonstrate through an independent third-party assessment that the raw materials they procured did not originate from sources that contribute to conflict in the DRC. Tantalum smelters were assessed initially, and this continued in 2011. The CFS expanded its operations to assess tin, tungsten and gold throughout FY 2010/11.



Women's Forum for the Economy and Society

## 4.2.5 SUPPLIER DIVERSITY

We continue to promote supplier diversity programs through annual strategies, procurement buyer training and community outreach. Each year we set goals to increase the amount of our diverse supplier business including small business, women-owned business, minority owned business and other diverse segments. We train our procurement buyers annually to ensure continual focus, to provide tools to locate diverse suppliers and to drive identification of opportunities at sub-category levels. We engage the business community through partnerships with the Carolinas Minority Supplier Development Council and local chambers of commerce. Also, in FY 2010/11 we increased our procurement staffing to further support diversity programs.

## 4.3 LENOVO INVESTMENTS IN PEOPLE

### 4.3.1 COMMITMENT

Lenovo annually commits up to one percent of its pretax income to programs and initiatives that serve society. Therefore, the size of our programs will grow as the company grows. The more success we achieve, the more we will be able to share that success with those around us. Our investments are distributed across two primary program areas: **Next Generation Hope Fund (which support education investments and disaster recovery)** and **Outreach, Collaborations and Partnerships**.

### 4.3.2 NEXT GENERATION HOPE FUND

Lenovo's Next Generation Hope Fund is helping redefine how Lenovo and our employees support the communities where we live and do business worldwide. We support the needs of our communities through select investment opportunities that leverage our innovation leadership and global culture. To help ensure program success, we evaluate the effectiveness of each investment against predefined goals upon completion. Lenovo provides assistance through financial contributions, equipment donations and employee volunteer hours.

#### Objectives:

- Advance, enhance and extend education at all levels.
- Consider each opportunity based on its unique merits.
- Donate equipment, provide financial contributions.
- Lend our expertise to schools and related organizations across all global markets.
- Support global education investments in both K-12 and higher education.

#### Framework:

- We enable communities to do more through social investment programs that support a wide range of programs, including those focused on education, research, entrepreneurship, disaster relief and regional community outreach.
- We evaluate the effectiveness of each investment against predefined goals upon completion.
- Lenovo provides assistance through financial contributions, equipment donations and employee volunteer hours.
- Regional offices establish extensive relationships with their local communities and regional non-governmental organizations.

#### Developments for the Period:

During FY 2010/11, Lenovo donated ThinkPad laptops to IT-oLogy, a U.S.-based corporate and college-supported nonprofit consortium led by Blue Cross Blue Shield (BC/BS) of South Carolina. The consortium was formed in 2008 to encourage young people in South Carolina to pursue a career in Information Technology (IT) while addressing a looming shortage of qualified IT professionals in the state. The ThinkPad laptops were donated to support a series of IT training camp projects being conducted by the consortium. The first camp benefiting from the donation was the Create IT Camp held in Columbia, South Carolina in partnership with the University of South Carolina. This camp was designed to motivate high-achieving South Carolina high school students with a proven record of accomplishment to pursue a career in IT.



Lenovo also supported many education initiatives in the United States during FY 2010/11 with donations totaling approximately US\$100,000. Examples include Lenovo's partnership with the University of North Carolina system (UNC Chapel Hill and Appalachian State University) and its donation of US\$15,000 to support anthropology and astronomy research and awareness. Lenovo donated US\$38,000 to the University of Oregon College of Education to facilitate research initiatives, enabling post-doctoral students to evaluate curriculum and school leadership using pen input and mobile technologies. Lenovo also partnered with the Stratford Friends School and donated US\$15,000 to research how the use of touch-screen and other assistive technology addresses learning disabilities and contributes to improving learning outcomes.

In February 2011, Lenovo partnered with RTL Foundation in Germany to donate Idea-branded PCs to support the RTL Kinderhäuser project. Since the spring of 2009, RTL has established 10 Kinderhäuser houses in Germany and orchestrated various fundraising activities throughout the year to support disadvantaged children. Lenovo has also supported RTL's fundraising marathon the last two years.



## Education Research Initiative

As the world's #1 PC maker for the educational field, Lenovo ships millions of laptops, desktops and tablets to schools and universities around the world. In order to create more shared value with the global education community, Lenovo founded the Education Research Initiative (ERI). ERI was launched in May 2010 as an international "venture philanthropy" effort aimed at researching how technology can improve learning outcomes for students and increase the operational efficiency of educational institutions.

Conducted in partnership with Intel® and Microsoft®, ERI provides grants to research projects focused on primary, secondary and tertiary educational institutions, as well as non-governmental organizations. While projects range in size, scope and setting, they all focus on helping students and educators leverage the power of digital technology to enhance learning and increase efficiency.

In conjunction with RAND Corporation, Lenovo developed the ERI Annual Indicators Survey, a set of project indicators distributed to grant recipients to aid them in honing their vision and activities. The survey provides transparent measurements which track progress using quantitative and qualitative instruments.

*Key ERI projects in FY2010/11 included:*

- An inaugural **Student Global Leadership Institute (SGLI)** in coordination with Punahou School and non-governmental organizations, such as Edward E. Ford Foundation, the Freeman Foundation and the Luke Center for Chinese Studies. The Institute is designed to develop a community of international youth leaders who understand and are engaged in shared global challenges and who galvanize positive social change; the event's 2010 theme was "Water Security and Sustainability," followed by the 2011 theme of "Energy". Students from 15 schools across the U.S., China, Japan, Jordan and Singapore participated in the Institute.
- **Instructional Innovation Grants** given to the Innovation Center at University of North Carolina, Chapel Hill; applied to technology-enabled strategies for promoting interdependent learning among students in either small or large classes; promoting new learning opportunities across international boundaries using technologies; and improving learning opportunities in course sections with 75 or more students.
- Sponsorship of **Tiger Woods Education Centers**, in which curriculum focuses on career exploration in STEM (Science, Technology, Engineering and Math) and communications, and provides mentoring and teacher training. Students experience a technology-rich, innovative and highly motivated environment with activities such as building and programming robots, exploring space and creating their own films.
- Development of the **Taxonomy of Academic Technology**, a tool that outlines the full spectrum of technology uses in academics, which is the result of ERI formative findings and Lenovo's experience in deploying over 4 million seats of 1:1 computing.
- Sponsorship of a **programming contest** at the Rose-Hulman Institute, designed to encourage student teams to develop applications that showcase the benefits of touchscreen interaction using the Lenovo IdeaPad® S10-3t Tablet/netbook. The winning team received \$3,800 in prize money and a Lenovo touch-enabled netbook.
- Partnership with the Stratford Friends School in Newtown Square, Pennsylvania, to provide IdeaPad S10-3t products for 7<sup>th</sup> and 8<sup>th</sup> grade students as a key educational tool in the multisensory academic **program for students with language-based learning differences**.
- Partnership with University of Massachusetts, Amherst and National University of Ireland, Galway to provide PC technology, guest lecturer and course guidance for senior seminar **Effective Decision Making in the Age of Cloud Computing**. The course is a prototype for future classes and field test for high-tech classrooms, using state-of-the-art technologies in an environment similar to what many students will find when they enter the workplace.

## GREEN BUSINESS PRACTICES

### Celebrating Earth Day 2010 Lenovo's green initiatives around the world.

Lenovo's environmental commitment is just as important within our own office walls as it is throughout the communities we serve, informing our corporate values and our workplace practices. From Monterrey to Zagreb, from Paris to Shenzhen, Lenovo employees have taken the initiative and spearheaded efforts to help our company maintain its high environmental standards.

What are our people doing to keep Lenovo green?

- We are replacing energy-sapping CRT monitors with low-power TFTs.
- We are letting the sun light their conference rooms.
- We are opting for video conferencing when air travel is not a necessity.
- We are replacing conventional light bulbs with new energy-efficient models and installing timers on lighting systems.
- We are rolling out recycling programs to collect paper and obsolete electronics.
- We are working from home on select days, especially during seasons with high pollution levels.
- We are encouraging the use of duplex printing and discouraging the use of personal desktop printers.
- We are urging co-workers to turn off all PCs and monitors at the end of each workday.



## Global Disaster Assistance

Lenovo has a longstanding practice of assisting communities around the world when disaster strikes. Lenovo and our employees are committed to helping those less fortunate and lending a helping hand to those who have difficulty providing for themselves. During FY 2010/11, Lenovo and our employees supported various global disaster relief efforts including relief efforts in Japan, Mexico and New Zealand. In response to the March, 2011 magnitude 9.1 earthquake and tsunami in Japan, Lenovo donated US\$1,000,000 to the Japan Red Cross to support disaster relief efforts. In addition, Lenovo employees worldwide donated US\$22,645 and Lenovo Japan donated US\$11,700 for a total of US\$34,345 to support ASHINAGA, a Japan-based nonprofit that provides financial and emotional support to orphans in Japan. Lenovo employees, partnering with the Triangle Community Foundation, have donated over US\$20,000 to support relief efforts in Japan.

## 4.3.3 OUTREACH, COLLABORATIONS AND PARTNERSHIPS

### China

- Lenovo China invested in Venture Philanthropy, an innovative approach focused on grass-roots NGOs in China. The goal is to increase their capability and skill building in the areas of strategic planning, IT, HR and financial management, provide grants to support NGO development, build a platform to enhance their awareness and bridge further cooperation. Since 2009, 6 million RMB in financial assistance was donated to 32 NGOs across the country that were dedicated to education, environmental protection, narrowing the digital divide and poverty alleviation.
- China's urban-rural digital divide was considerably much higher than the global average, measuring 0.64, resulting from the unbalanced regional development in China. In 2003, Lenovo China launched the "Countryside Distance Education program"; kicked off "Live your Dream – Computer Going to the Countryside" program in 2004; and then upgraded to "Live your Dream – New Countryside Strategy" in 2007. As a result, in 2008 Lenovo China launched more than 300 kinds of computer products specifically designed for rural users, helping more than 4 million rural users gain access to IT, providing professional tutoring teams to 13,700 counties and towns nationwide, and spreading computer knowledge to more than 20 million rural residents. Established in 2009, Lenovo's Youth Public Entrepreneurship program is one of China's leading philanthropic initiatives. This program, which targets college students in China, encourages youth entrepreneurship in China's public welfare organizations. This innovative program assists young people building careers in public welfare while helping to make China's public welfare enterprises more vibrant and dynamic. Lenovo China offers its professional resources to assist in training, public practice, venture capital and other skills so that young college students interested in careers in public entrepreneurship can successfully achieve their goals. Since the program's introduction, over 1.2 million young people have been engaged in discussion, 10,000 copies of social entrepreneurship proposals have been received, 500 entrepreneurial teams have participated in the competition and we have had 28 finalists.

### Philippines

- Lenovo Philippines signed on as Technology Partner of the 41<sup>st</sup> Women's National Collegiate Athletic Association (WNCAA) season. The WNCAA is a multi-sports league extending over eight months with participants from 19 top universities and colleges. The league opened at the Ninoy Aquino Stadium on August 7, 2010, with this year's attendance expected to exceed 150,000.

### Americas

- Lenovo launched a matching gifts program to facilitate a corporate donation of 50% of eligible U.S. employee contributions made through the Lenovo Employees Care Campaign, the annual U.S. employee charitable giving campaign.
- Lenovo provided a technology sponsorship to Kenan Fellows Program for Curriculum and Leadership Development, enabling 49 North Carolina K-12 public school teachers selected as Kenan Fellows for the 2012 cohort with a ThinkPad. This competitive fellowship has been designed to enhance curriculum relevance for the benefit of all students; support collaboration among teachers, business and universities; and promote growth opportunities for teachers and the teaching profession.
- Lenovo employees donated over 500 volunteer hours to help Kramden Institute, a Durham, North Carolina based nonprofit, refurbish more than 215 used computers that Kramden will give to school children without computer access in their homes. Lenovo employees helped distribute an additional 250 computers to children of U.S. military service men and women who met Kramden's program criteria.
- Lenovo employees at the Morrisville, North Carolina location collected almost 4,000 pounds of nonperishable food items in FY 2010/11 to benefit the Food Bank of Eastern and Central North Carolina, and also donated over 1,370 employee volunteer hours to support various community service projects.



### Europe and Africa

- Lenovo Western Europe's partnership with PlaNet Finance aims at selecting innovative projects from young entrepreneurs in France and Europe, promoting micro financing in business environments, and optimizing technical and financial support coming from diverse populations and emerging markets.

- Lenovo supports South Africa's Black Economic Empowerment (BEE). This program was launched by the South African government to open and grow the market and assist previously disadvantaged groups in participating in this growth. The intent of BEE is to govern business operations in which all suppliers are treated equally while trading.
- In December 2010 Lenovo, partnering with the International Microfinance Award Ceremony 2010 organised by PlaNet Finance at the Louvre Museum in Paris, awarded **Madame Faida Bakaji Tshuma** with the PlaNet Finance Education Award 2010.  
[Click here](#) for more details about PlaNet Finance.

#### Education Award, Sponsored by Lenovo

Faida is a 29-year-old refugee from the Democratic Republic of Congo living in Israel. Her great ambition was to run her own day care center where she could

provide learning and play activities for children and, most of all, enable them to be part of Israeli society when they reach adulthood. Her dream came true following the training she received under the PlaNet Finance-supported Microfy program. This meant that Faida was able to gain the skills needed for running a children's day care center and in August 2009 she started accepting children, mainly from refugee families. A loan of EUR 525 enabled the day care center to grow and it now caters to 30 youngsters—and all the children's mothers are delighted by the quality of the education. Most of the children originate from Africa and are learning English, French and Hebrew, thus boosting their chances of integrating successfully into Israeli society. Thanks to the center's success, Faida has been able to leave the two-room apartment that she shared with her sister, brother-in-law and their two sets of young twin girls and move into a flat.



## WOMEN'S FORUM

### Women's forum for the Economy and Society

For five years, Lenovo has been a corporate sponsor and technology partner of the Women's Forum for the Economy and Society. The Forum has been ranked by the Financial Times as one of the top five international meetings that addresses global issues, and it is compared to the World Economic Forum in Davos, Switzerland. The objective of the Forum is to highlight and enhance women's contributions to the economy and society, as well as to provide new approaches on issues of global relevance. In 2010, the Forum was attended by 1,300 executives from 80 countries. The sponsorship of the Women's Forum for the Economy and Society is part of the WILL initiative and funded by the Lenovo Hope Funds through our CSR programs.







## 5.1 LENOVO'S ENVIRONMENTAL COMMITMENTS

Lenovo's long-term, comprehensive approach to environmental management encompasses everything from site operations to product design to recycling. Lenovo has developed a series of corporate strategies, policies and guidelines designed to support environmental responsibility. Each manager and employee, as well as any contractor working on a Lenovo site, bears a personal obligation to Lenovo's environmental commitments.

### Lenovo's Corporate Policy on Environmental Affairs

#### Corporate Policy on Environmental Affairs

Lenovo is committed to exhibit leadership in environmental affairs in all of its business activities. The requirements listed below apply to all of Lenovo's worldwide operations. Every Lenovo organization must support this policy and each manager and employee, as well as any contractor performing work on behalf of Lenovo, shall bear a personal responsibility for the following objectives:

#### Compliance

- Meet or exceed all applicable environmental requirements for all Lenovo activities, products, and services, including legal requirements, standards, and voluntary commitments to which Lenovo subscribes.

#### Prevention of Pollution

- Use sustainable business practices and processes that minimize waste and prevent pollution, conserve energy and minimize Lenovo's carbon footprint, minimize health and safety risks, and dispose of waste safely and responsibly.

#### Product Environmental Leadership

- Conserve natural resources by developing products and packaging that minimize materials usage, use recycled and environmentally preferable materials, and that maximize reuse and recycling opportunities at the end of the product's life.
- Develop, manufacture, and market products that are energy-efficient and that minimize their impact on the environment.

#### Continual Improvement

- Strive to continually improve Lenovo's environmental management system and performance.
- Work with Lenovo's supply chain to improve environmental protection and promote the use of environmentally preferable technologies.

- Be an environmentally responsible neighbor in the communities where we operate and act promptly and responsibly to correct conditions that may endanger health, safety, or the environment.
- Provide appropriate resources to fulfill these objectives.

Corporate strategies, policies and guidelines must support this commitment to leadership in environmental affairs. Every employee and contractor of Lenovo must follow this policy and report any environmental, health, or safety concerns to Lenovo management, who must take prompt corrective action.

### 12 BEST PRACTICES FOR GREEN IT

Lenovo encourages its customers to embrace environmentally sound best practices in their selection and use of PC products by promoting the following:

- Buy ENERGY STAR® and EPEAT™ qualified hardware
- Look for products with UL Environment's Sustainable products certification
- Choose GREENGUARD® certified systems (tests for more than 10,000 chemical compounds)
- Deploy power management software
- Select multi-core processors
- Specify more efficient power supplies
- Use more energy-efficient displays
- Request bulk packaging for large-quantity purchasing
- Buy desktops that are both space and energy-saving
- Select desktops with a noise profile that is <25dB in idle mode
- Recycle used PCs and peripherals
- Order systems with recycled content in the system and the packaging

## 5.1.1 A HISTORY OF ENVIRONMENTAL LEADERSHIP

Lenovo is an innovative, international PC technology company that has a history of being recognized for our environmental performance and leadership. Following is a summarized chronology of our environmental accomplishments.

- 2001 – Lenovo China achieved ISO 14001 certification.
- 2002 and 2003 – Lenovo's desktop commercial PCs and desktop consumer PCs awarded the supreme award for PC design, the "2002 Autumn Innovative PC Award".
  - ◇ Among them, the Kaitian 6800 PC pioneered the PC miniaturization design in China, with the use of plastics and hardware materials less than 50 percent of those used in traditional PCs.
- 2004 and 2005 – Lenovo China received the "Green Product" award for the desktop PC from the China Environmental Protection Foundation. Lenovo also received the "Green Innovation" award for the Lenovo Innovation Center building.
- 2005 – All Lenovo's commercial products met China's energy savings targets.
- 2006 – Lenovo successfully completed a comprehensive integration of legacy environmental management systems.
- 2007 – Lenovo introduced a complete line of notebook and desktop computers complying with the latest U.S. EPA ENERGY STAR® requirements.
- 2008 – In May 2008, the Lenovo ThinkVision® L174 and L197 wide monitors won seven awards:
  - ◇ "China IT Coalition" awarded by Computer World
  - ◇ "Green Energy-Efficient Product" awarded by C WEEK
  - ◇ "Strongly Recommended Product" awarded by C WEEK
  - ◇ "Green Power-Saving Model" awarded by PC Info
  - ◇ "Green Energy-Efficient Product" awarded by IT 168
  - ◇ "Green Certificate" awarded by PC Magazine
  - ◇ "Editor Recommended Product" awarded by CHIP
- 2008 – In July 2008, the Lenovo YangTian A6800v desktop gained SP "Editor's Choice Green Award".
- 2008 – In August 2008, the Lenovo ThinkVision L196 wide and L2240p wide monitors won two awards:
  - ◇ "Recommended Green Product" awarded by PC Magazine
  - ◇ "The Energy Efficient Champion" awarded by PC Magazine
- 2008 – In October 2008, the Lenovo YangTian desktop won China Information World's "Green IT Product Award".
- 2008 – In December 2008, the Lenovo ThinkVision L196 wide monitor won PC Magazine's "Green Choice Award".
- 2009 – Lenovo Norway awarded Eco-Lighthouse certification.
- 2009 – In January 2009, Greenpeace produced the report "Green Electronics: The search continues", and awarded the Lenovo ThinkVision L2440x wide monitor as the "Best Product Overall".
- 2009 – In May 2009, the ThinkCentre® M58p Eco Ultra Small Form Factor and ThinkCentre M58e desktops were "GREENTECH approved" by PC Magazine.
- 2009 – In July 2009, the ThinkPad T400s was "GREENTECH approved" by PC Magazine.
- 2009 – In August 2009, the IdeaPad U350 was "GREENTECH approved" by PC Magazine.
- 2009 – In September 2009, the ThinkPad T400s (Multitouch) was "GREENTECH approved" by PC Magazine.
- 2009 – In December 2009, PCMagazine listed the GREENTECH Approved ThinkPad X200 Tablet (Multitouch) notebook as one of the "Best Green Products of 2009".
- 2010 – In January 2010, the Lenovo T100 G10 and T400 G10 servers achieved China CEC certification.
- 2010 – In January 2010, Lenovo's ThinkCentre A70z All-in-One PC was awarded the new TCO Certified All-in-One PCs label.
- 2010 – In March 2010, Lenovo was awarded the 2000<sup>th</sup> Nordic Ecolabel. In the first step 12 laptop computers, including 9 ThinkPad models were recognized by the Nordic Ecolabel.
- 2010 – In June 2010, TCO awarded the M90z the prestigious TCO Certified EDGE designation.
- 2010 – In July 2010, Lenovo was selected as a constituent stock of the Hang Seng Corporate Sustainability Index Series.
- 2010 – In July 2010, IdeaPad Y460 has achieved the TCO Certified designation.
- 2011 – In February 2011, the ThinkPad T420 achieved the highest UL Environment Gold rating.

Lenovo's business model is based on developing and manufacturing outstanding technology products. As such it is the product that forms the basis for all elements of the environmental strategy. Everything from product design to supplier selection, facility management, distribution and logistics and product life cycle management evolves from the focus on products. **"Our philosophy is—we don't want to have green products and brown products," says Mary Jacques, senior engineer for global environmental affairs at computer maker Lenovo. "All of our products have to meet the same requirements." – USA Today**

## 5.1.2 PRODUCT LIFE CYCLE MANAGEMENT

Lenovo strives to show that the effective use of more efficient Information and Communication Technology (ICT) equipment can deliver tremendous environmental results not only for the Information Technology (IT) industry and PC technology users, but also for the planet. Lenovo's product environmental strategy focuses on (1) energy-efficient products, (2) the use of environmentally preferred materials, (3) green product packaging, and (4) energy management tools.

### 1. Energy-efficient Products

Lenovo's historical and continued focus on product energy efficiency provides a strong product differentiator in a market and regulatory environment that increasingly values these attributes. With a development process that places a premium on energy efficiency, an already outstanding offering of energy-efficient IT products and internal processes in place to drive continued improvements in operational efficiency, Lenovo is well positioned to benefit from an increasing demand for energy-efficient products with smaller carbon footprints.

Energy efficiency is a targeted attribute of the Lenovo product development process. Improvements in product energy efficiency are consistently part of our key environmental objectives and targets. Lenovo offers a full complement of ENERGY STAR® qualified laptop, desktops, workstations, monitors and servers.

[Click here](http://www.lenovo.com/energy) for more information about Lenovo's energy-efficient products or visit <http://www.lenovo.com/energy>

### 2. Environmentally Preferred Materials

Integration of environmentally preferred materials into our products is another focus for Lenovo's product development process. Transitioning to low halogen components where feasible and inclusion of post-consumer recycled content plastics continues to be key to our development strategy. Lenovo is recognized as an industry leader in using PCC and designing environmentally sustainable products. **Lenovo's use of post-consumer recycled content and post-industrial recycled content plastics in its products exceeds 61 million pounds since early 2005.** Lenovo is committed to incorporate some amount of PCC into every PC product and continuously increase use of PCC in each product family.

[Click here](http://www.lenovo.com/materials) for more information about Lenovo's use of environmentally preferred materials or visit <http://www.lenovo.com/materials>

### 3. Green Product Packaging

Lenovo reduces the volume of packaging through implementing the use of recycled and recyclable material, smaller sizes of boxes and reusable bulk packaging.

[Click here](http://www.lenovo.com/packaging) for more information about our efforts to reduce the environmental impact of our product packaging or visit <http://www.lenovo.com/packaging>

### 4. Energy Management Features

Lenovo offers several innovative tools for taking control of PCs' power consumption, determining energy savings, reporting on the energy performance of building equipment and IT devices. Lenovo PCs' energy-efficient tools and eco-friendly features include:

- Power Manager™ — helps optimize energy used by a running machine and saves up to 69 percent on energy consumption per desktop, per year.
- Cisco EnergyWise software application — allows Cisco networks to control and perform energy management and enables customers to monitor, control and report on the energy use of building equipment and IT devices using a Cisco EnergyWise-enabled network.
- Active Thermal Management — adjusts processor and fan speeds based on ambient levels.
- Dynamic Brightness Control — conserves battery by lowering LCD brightness during transient states, including startup, shutdown, log off, screen lock and screensaver mode.
- Hybrid Graphics — allows switching between integrated and discrete graphics, helping optimize battery life and graphics performance.
- Active Directory and LANDesk® — supports remote deployment of power schemes and global settings to allow administrators the ability to control and enforce ThinkPad energy savings company-wide.

"The TCO Certified program aligns with our green design program in which we continually improve upon: the materials that go into products, their energy efficiency and how they are properly disposed through recycling at the end of life," said Rob Taylor, director, worldwide environmental affairs, Lenovo. "TCO recognizes that productivity, innovation and environmental design go hand in hand, and our customers look for the label when selecting their PC technology." – TCO Website



## 5.1.3 PARTNERING AND COLLABORATION

We focus and refine our strategy through highly relevant partnerships and collaboration around the globe. Currently, our partnering and collaboration centers on climate and energy issues. Lenovo is monitoring globally and regionally the development of climate change regulations and voluntary commitment programs, development and impact of cap and trade programs, renewable energy portfolio standards and product carbon footprint and labeling requirements.

In FY 2010/11, Lenovo has been active in the energy efficiency workgroups, associations and initiatives such as:

- Stakeholder Advisory Group for the [World Resources Institute \(WRI\)](#) and [World Business Council for Sustainable Development \(WBCSD\)](#)
- [Electronics Industry Citizenship Coalition's](#) Environmental Sustainability Group
- [US EPA SmartWay Program](#)
- Product Attribute Impact Algorithm (PAIA) Project
- Associate Member of the [Climate Savers Computing Initiatives](#)
- Member of Coalition for Energy and Environmental Leadership in Leased Space
- [United Nations Environmental Program \(UNEP\)](#)
- PC China Energy Efficiency Standard
- Energy Saving Work Association of Chinese Institute of Electronics
- China Energy Conservation Program

## 5.2 OPERATIONS

### Overview of Our Footprint

Lenovo's operational footprint spans the globe. It includes research and development (R&D) centers in Yokohama, Japan; Beijing, Shanghai, Xiamen, Chengdu and Shenzhen in China; and Morrisville, U.S. Manufacturing and assembly facilities are in Beijing, Shanghai, Huiyang and Shenzhen, China; Pondicherry, India; Monterrey, Mexico and Greensboro, U.S. Sales headquarters are located in Paris, Beijing, Singapore and Morrisville. Further, Lenovo has sales and administrative offices at over 100 locations in more than 60 countries around the world.

In order to ensure consistent and effective management of the environmental aspects of this worldwide organization, Lenovo has established a Corporate Environmental Policy

([click here](#) to see Lenovo's Corporate Environmental Policy) and Corporate Instruction on Environmental Programs. These documents establish the baseline environmental requirements for all Lenovo operations and facilities and are endorsed by Lenovo's CEO, Yang Yuanqing. In addition, all of our manufacturing and R&D facilities are operated within the scope of our ISO 14001 registered EMS.

Lenovo's significant operational environmental impacts continue to be waste generation and energy consumption. Objectives and targets were established for our manufacturing and development facilities relative to both of these environmental aspects. [Click here](#) or go to [section 2.3](#) to see them.

Each Lenovo manufacturing and R&D site is supported by a site Environmental Affairs Focal Point whose role is to ensure proper implementation of Lenovo's EMS and drive the site team to achieve the environmental objectives and targets. Similarly, our office and administrative facilities are supported by regional focal points.

As a responsible corporate citizen, Lenovo is proudly committed to providing leadership in environmental affairs in all of our business activities. Lenovo has consistently met or exceeded applicable regulations around the globe. As part of the continual improvement of our environmental performance, Lenovo looks for opportunities to exceed customer and legal requirements.

Moreover, during the FY 2010/11, we participated in numerous voluntary environmental initiatives in an effort to reduce our impact on the environment, including those listed below.

### Lenovo's Voluntary Commitments

- **UN Global Compact (United Nations Global Compact)**

Lenovo joined UN Global Compact in January 2009. Lenovo's 2010 communication on progress statement expresses a commitment to continued support of the UN Global Compact and its ten principles, identifies targets, defines performance indicators and measures outcomes.

- **UL Environment Sustainable Products Certification**

In early 2011, Lenovo became the first computer manufacturer to obtain UL Environment's Sustainable Products Certification to the "Gold" level for the IEEE 1680.1 standard. As part of this certification, products undergo rigorous in-house testing at Underwriters Laboratories to the IEEE 1680.1 standard, including criteria such as energy efficiency, design for recycling and materials usage. Since obtaining this industry first, Lenovo has gone on to certify with ULE several additional models of ThinkPad laptops as well as Lenovo's full lineup of ThinkVision monitors.



- **EPEAT™ (Electronic Products Environmental Assessment Tool)**

Lenovo offers a full lineup of EPEAT™ Gold rated products in many countries around the world. Gold rating is the highest one showing that Lenovo's products meet all mandatory performance characteristics and at least 75 percent of the optional criteria.

- **ENERGY STAR®**

Many Lenovo notebook, desktop, workstation, server and monitor products satisfy and even exceed the current ENERGY STAR® requirements. Lenovo also participates in rating Lenovo's existing building energy performance relative to similar buildings nationwide. Lenovo's Morrisville buildings became ENERGY STAR® certified in 2010 which indicates that the buildings, from an energy consumption standpoint, perform better than 75 percent of all similar buildings nationwide.

- **EICC (Electronic Industry Citizenship Coalition)**

Lenovo adopts the EICC Code of Conduct in all five critical areas: labor, health and safety, environment, management system, and ethics. Lenovo actively participates in the Environmental Sustainability group which works among other projects also on the supply chain carbon/water emission reporting system and tool.

- **CDP (Carbon Disclosure Project)**

Lenovo discloses its quantitative GHG emissions data, qualitative data such as risks and opportunities and climate change strategy through this worldwide public database.

- **WRI (World Resources Institute)**

Lenovo participates in a Product and Supply Chain (Scope 3) Standard Stakeholder Advisory Group for carbon footprint protocol development.

- **CSCI (Climate Savers Computing Initiative)**

Lenovo fully supports the goals of CSCI which is to promote the development, deployment and adoption of smart PC technologies that improve PC power efficiency and inactive state power consumption.

- **R2 (Responsible Recycling)**

Lenovo follows the development of implementation activities and uses electronics recyclers that comply with this standard.

- **CECP (China Energy Conservation Program)**

Lenovo belongs to the companies that have the largest number of products certified by CECP.

- **CELP (China Environmental Labeling Program)**

Many Lenovo products are certified by CELP, an initiative assessing electronic products in relation to environmental criteria such as reduction/elimination of environmentally sensitive materials, product longevity/life extension, high energy efficiency/energy conservation, end-of-life management, etc.

- **VESA (Video Electronics Standards Association)**

Lenovo is leading the industry and is actively involved in the development of energy-efficient interface standards for monitors (mercury-free, low halogen).

- **IPC® (Association Connecting Electronics Industries)**

Lenovo supports IPC industry association programs for printed circuit board and electronics manufacturing service companies, their customers and suppliers.

- **iNEMI (International Electronics Manufacturing Initiative)**

Lenovo follows efforts to develop industry-standard approaches to BFR/PVC phase out—the trend toward low-halogen materials in electronics products. Lenovo is a member of the iNEMI Environmental Leadership Sub-Committee.

- **ITI (Information Technology Industry Council)**

Lenovo has a board-level position on the ITI Environmental Leadership Council which provides guidance on key environmental issues, including recycling, energy materials and green procurement.



## ADOPT-A-HIGHWAY

The North Carolina adopt-a-highway program is aimed at keeping North Carolina clean and green, as well as reducing the cost associated with maintaining the state's roadways. Last year the United States Fulfillment Center (USFC) in Whitsett, NC adopted a 2.1 mile stretch of Rock Creek Parkway located adjacent to the facility. As a part of the program, volunteers from the USFC meet quarterly during non-working hours to pick up litter and recycling along the roadway. We are proud to be part of this program and hope it has not only improved the area we maintain, but has also helped our employees think twice about littering and develop a better appreciation for the environment as a whole.



## 5.2.1 ENERGY AND CLIMATE CHANGE

Lenovo recognizes that human activities are contributing to climate change. Lenovo also recognizes that if left unchecked, current trends in climate change present serious economic and societal risks. We are working both internally and externally to minimize and mitigate those risks. Lenovo is committed to continually reducing the global carbon footprint of all of its business activities. This commitment is demonstrated by developing Lenovo's corporate Climate Change Policy, implementing a long-term comprehensive Climate Change Strategy and setting aggressive corporate-wide climate change objectives and targets.

Reducing energy consumption and the associated carbon emissions is the primary focus of our climate change programs and strategy. Management of energy and carbon emissions reduction activities and programs is carried out within the scope of Lenovo's global Environmental Management System (EMS). Lenovo will achieve its energy and carbon reduction goals through improvements in operational and logistical energy efficiency, reductions in energy consumption, switching to renewable energy sources where practicable, supporting an increase in renewable energy available via the grid, and purchasing renewable energy credits and carbon offsets.

[Click here](#) for more information on Lenovo's climate change policy, strategy and objectives and targets or visit [www.lenovo.com/climate](http://www.lenovo.com/climate)

## 5.2.2 OPERATIONAL ENERGY EFFICIENCY

Given the fact that Lenovo's most significant environmental aspect is energy consumption, Lenovo's goal is to continuously improve the energy efficiency of operations. Lenovo's initiative for energy reductions includes activities such as installation of low energy lighting and related electrical equipment, energy efficiency improvements to HVAC systems, eliminating or improving usage of transformers and air compressors, manufacturing area optimization, digital control of lighting and HVAC, reduction in the number of company operated vehicles, consolidation of operations and employee education. For more information on our performance relative to energy and GHG emissions reduction, please see [section 5.3](#) on the environmental impact of our operations.

## 5.2.3 RENEWABLE ENERGY

Lenovo is committed to install local renewable energy generation sources where feasible. Our initial actions in this area include installation of a hot water solar system at our campus in Huiyang, China and solar lamps for parking lots in Beijing. We are currently exploring other opportunities to improve our renewable energy initiatives through the use of alternative fuels and purchasing green power.



Solar lamps in the Beijing parking lots

Solar Water Heating System in Huiyang

## ENERGY AWARD – SHANGHAI PLANT

Lenovo's manufacturing facility in Shanghai, China received the energy award given by Pudong New District for the "Energy Balance and Energy Saving" project. The Labor Union & Science and Technology Committee & Science and Technology Association of Pudong New District have been recognizing organizations since 2010 for their contribution to innovation technology, energy conservation and safe working conditions in Pudong New District. Lenovo's winning energy efficiency project reduced energy consumption by 946,000 KWh and saved RMB 850,000 through developing and implementing several energy-saving features in power distribution, assembly production lines, refrigeration and air conditioning systems, lighting and electrical production equipment.

## LENOVO'S GREEN PACKAGING

Lenovo's environmentally friendly packaging practices were further developed and improved in FY 2010/11. A new packaging design was implemented for ThinkPad 14". The machines are packaged and put on pallets "horizontally" which saved 10 percent of cushion material and 8 percent of packaged product size. The modified package meets Lenovo Corporate qualification standards (rigorous drop and vibration testing and IATA lithium metal battery qualification and compliance), is made of a 100 percent recycled Low Density Polyethylene (LDPE) cushion material and increases the palletization density by 5 percent.





## 5.2.4 RENEWABLE ENERGY CREDITS AND CARBON OFFSETS

To support Lenovo's emissions reduction commitments where actual energy reductions are not technically or economically feasible, Lenovo has partnered with **NextEra Energy Resources** to carbon balance a portion of our electricity and steam usage by purchasing Green-e Certified Renewable Energy Certificates (RECs) through the company's innovative EarthEra program. Lenovo initially committed to purchasing over 10 million kilowatt-hours of electricity per year for three years. This will help avoid over 15,000 metric tons of carbon dioxide over those three years. In addition, 100 percent of the proceeds from Lenovo's purchase of RECs will be directed to the EarthEra Renewable Energy Trust and used by **NextEra Energy Resources** to build new renewable energy facilities in the United States.

[Click here](http://www.lenovo.com/climate) to view the certificates for RECs retired by Lenovo to date or visit <http://www.lenovo.com/climate>

Lenovo also has chosen to offset part of the direct emissions associated with the operation of owned vehicles and fuels we burn on site. Therefore, Lenovo purchased 3,000 wind carbon offsets from **NextEra Energy Resources** Capricorn Ridge Wind Energy Center project in Texas, USA. This will help avoid 3,000 metric tons of carbon dioxide. Lenovo has committed to purchase the same amount for FY 2011/12.

## 5.2.5 LENOVO'S ENVIRONMENTAL MANAGEMENT SYSTEM

Lenovo manages the environmental elements of its operations through a global Environmental Management System (EMS) which is ISO 14001 certified and covers Lenovo's global manufacturing, research, product design and development activities for personal computers, servers, and digital and peripheral products. In FY 2010/11, Lenovo's newly formed Mobile Internet and Digital Home Business Group (MIDH) division was not included in the scope of our product EMS. All of Lenovo's manufacturing and development facilities are included in the global EMS registration which is issued by Bureau Veritas. Additionally, all Lenovo China manufacturing and R&D sites are covered by an ISO 14001 registration with the China Electronics Standardization Institute.

[Click here](#) to view Lenovo's Global ISO 14001 registration certificate.

## GREEN PROGRAMS

Many Lenovo products meet the requirements of the following environmental programs:

- **UL Environment's Sustainable Products Certification:** In early 2011 Lenovo became the first computer manufacturer to obtain UL Environment's Sustainable Products Certification to the "Gold" level for the IEEE 1680.1 standard. As part of this certification, products undergo rigorous in-house testing at Underwriters Laboratories to the IEEE 1680.1 standard, including criteria such as energy efficiency, design for recycling and materials usage. Since obtaining this industry first, Lenovo has gone on to certify with ULE several additional models of ThinkPad laptops as well as Lenovo's full lineup of ThinkVision monitors.
- **Electronic Product Environmental Assessment Tool (EPEAT):** Created by the U.S. Environmental Protection Agency and the nonprofit Greener Electronics Council, EPEAT™ rates computers and monitors based on 51 criteria over eight categories that cover toxics reduction, recycled content, energy efficiency, ease of recycling, product longevity, company environmental performance, product takeback and recycling programs and packaging. Computers and monitors are awarded a rating of Bronze, Silver or Gold based on their performance. Gold-rated computers meet all required criteria plus at least 75 percent of the optional criteria that apply to the product type being registered.
- **ENERGY STAR®:** ENERGY STAR® is a joint program between the U.S. Environmental Protection Agency and the U.S. Department of Energy conceived to promote energy efficiency and reduced Greenhouse Gas emissions in hardware of all kinds. Products meeting certain standards earn an ENERGY STAR® label. Such labeling identifies and promotes energy-efficient products and helps customers decide what to buy to lower electricity costs.
- **TCO certified** ensures that all products come with an ergonomic design, deliver high performance, are low on energy consumption and meet the toughest environmental requirements including use of recycled content and limits on hazardous materials.
- **GREENGUARD® certificates** are awarded by the GREENGUARD® Environmental Institute (GEI) for contribution toward improving public health and quality of life through improvement of indoor air. Performance-based standards are incorporated in the selection criteria for products with low chemical and particle emissions.
- **Restriction of Hazardous Substances (RoHS) Directive:** The directive electronic equipment, commonly referred to as the Restriction of Hazardous Substances Directive (RoHS), was adopted by the European Union in February 2003. This directive restricts the use of six hazardous materials in the manufacture of various types of electronic and electrical equipment.



Geography	Location	Primary Function	ISO 14001 Certificate
China	Beijing	Manufacturing	3
China	Beijing	Research and Development	1
China	Huiyang	Manufacturing	1
China	Shanghai	Manufacturing	2
China	Shanghai Zhangjiang	Research and Development	1
China	Shenzhen	Manufacturing	1
China	Shenzhen	Research and Development	1
India	Pondicherry	Manufacturing	1
Japan	Yokohama	Research and Development	1
Mexico	Monterrey	Manufacturing	1
U.S.	Morrisville, North Carolina	Research and Development	1
U.S.	Whitsett, North Carolina	Light Manufacturing/Fulfillment	1

Within the framework of our EMS Lenovo annually identifies and evaluates those aspects of our operations that have actual or potential significant impacts on the environment. Metrics and controls are established for these significant environmental aspects. Performance relative to these metrics is tracked and reported on a quarterly basis. Performance improvement targets are established for select environmental aspects annually, taking into consideration performance relative to the environmental metrics, the Environmental Policy, regulatory requirements, customer requirements, stakeholder input, environmental and financial impact and management directives.

During FY 2010/11 our significant global environmental aspects included:

- Product materials – including use of recycled plastics and environmentally preferable materials,
- Product packaging,
- Product energy use and associated Greenhouse Gas emissions,
- Site energy consumption, and
- Waste management.

## PAPER AND PLASTIC REDUCTION

Lenovo is committed to changing the way people around the world use technology. During FY 2010/11, a global Lenovo project team, including representatives from Manufacturing, Legal, Service and Support, Regulatory Compliance, User Experience, and Product Safety collaborated to reduce the amount of paper and plastic shipped with our products by over 4 million pounds per two year. The team created an innovative process to deliver special bid products to large enterprise customers with a two page flyer instead of the full set of hard copy publications and the plastic bag that had been required to hold them. A soft copy of all product publications is included with the product's software preload. Customers can also access product publications electronically via the Internet.

This new publication strategy eliminates over 12 million pounds of Greenhouse Gases from entering the atmosphere every year. Additional projects are underway to further reduce our carbon footprint.



## Status of Lenovo FY 2010/11 Objectives and Targets

ASPECTS/OBJECTIVES	TARGETS	STATUS
<b>Product Materials</b>		
Minimize use of hazardous or potentially hazardous materials in Lenovo products.	Update/establishment of achievable low halogen plans by each business unit.	Target achieved. Results of plans are reflected in low halogen FY 2011/12 objectives and targets.
Increase the use of PCC in Lenovo products.	Increase amount of post-consumer recycled content plastics purchased by each business unit by 20% in CY 2010 versus CY 2009.	Target partially achieved. 6 of 8 affected business units (BU) met the target. Financial and technical limitations delayed progress in select products.
	By April 1, 2011, all newly released products (other than options) must contain some PCC, where technically and financially feasible.	Target achieved. 4 of 7 affected BUs met the target. One BU had PCC in all products but one. Due to technical and/or financial limitations PCC could not be used in some products.
<b>Product Energy</b>		
Drive reductions in CO <sub>2</sub> emissions associated with operation of Lenovo products.	Establish preferred method for compiling product carbon footprint.	Target achieved.
	Establish product energy/carbon footprint targets.	Target achieved. Reflected in FY 2011/12 objectives and targets.
<b>Packaging</b>		
Minimize the use of packaging material consumption while driving the use of environmentally sustainable materials.	Each business unit to establish specific volume/weight reduction targets for packaging.	Target achieved. Weight and volume reductions were achieved for select products in both the Think-branded and Idea-branded product lines. For example: ThinkPad and IdeaPad 14" and 15" packaging volume and weight were decreased by 3% and 25%, respectively.
	Each business unit to establish materials improvement goals, including transitioning to 100% post-consumer packaging materials and use of environmentally preferable cushioning materials such as cardboard.	Target achieved. Transition to post consumer and environmentally preferable materials achieved for select Think-range of and Idea products. For example: the Think product line transitioned to 100% Post-Consumer Content in both desktop and laptop packaging, The Idea range of product line transitioned from plastic to corrugated cushions on the S and U Series.
<b>Waste Management</b>		
Minimize solid waste impacts from Lenovo operations and products.	Monitor waste intensity <sup>1</sup> for FY 2010/11 and evaluate opportunities to reduce solid waste quantities.	Target achieved. Annual waste intensity established for all manufacturing and R&D locations during FY 2010/11.
	Evaluate feasibility of establishing a waste intensity reduction target for FY 2011/12 by 3/31/2011.	Target achieved. Waste intensity targets established for all manufacturing and R&D locations for FY 2011/12.
	Recycle <sup>2</sup> > 97% Manufacturing and Development waste.	Target not achieved.
<b>Site Energy Consumption</b>		
Minimize GHG/carbon emissions associated with the operation of Lenovo facilities worldwide.	Eliminate or offset Lenovo Scope 1 GHG emissions.	Target achieved through emissions reduction and purchase of carbon offsets.
		Lenovo reduced Scope 1 GHG emissions by 16.5% relative to FY 2009/10.
	Achieve absolute reductions in Lenovo Scope 2 GHG emissions relative to FY 2009/10 <sup>3</sup> emissions according to the following schedule: 10% by 03/31/2011 13% by 03/31/2013 16% by 03/31/2016 20% by 03/31/2020	Achieved 3/31/2011 Target.
		Lenovo reduced absolute Scope 2 GHG emissions by 10.4% relative to FY 2009/10.

<sup>1</sup>Waste intensity is the MT of waste generated per unit of product produced for manufacturing sites and per employee for offices sites.

<sup>2</sup>Recycle includes material reuse and material recycling.

<sup>3</sup>Lenovo has changed its base year from CY 2008 to FY 2009 following our move to align environmental reporting with financial reporting. Lenovo energy and emissions data are now reported on a Fiscal Year ending on March 31.



[Click here](#) to see Lenovo's FY 2011/12 global environmental Objectives and Targets. Lenovo reports environmental data in alignment with its Fiscal Year which ends on March 31.

Lenovo began external verification of a portion of its reported environmental data during FY 2010/11. The verification included FY 2009/10 and FY 2010/11 energy and GHG emissions data. Lenovo will expand the verification to include waste data for FY 2011/12.

[Click here](#) to see the FY 2009/10 Verification Statement or visit <http://www.lenovo.com/climate>  
[Click here](#) to see the FY 2011/12 Verification Statement or visit <http://www.lenovo.com/climate>

### *Compliance – The Foundation of Our EMS*

Lenovo's commitment to environmental stewardship begins with a commitment to compliance. This includes compliance with regulatory requirements as well as other requirements to which Lenovo subscribes in support of managing and minimizing the environmental impact of our operations and our products. These other requirements include commitments such as:

- Electronic Industry Code of Conduct (as a member of the Electronic Industry Citizenship Coalition EICC)
- International Standard ISO 14001:2004, Environmental Management Systems
- ECMA-370 – The Eco Declaration Standard
- Rechargeable Battery Recycling Corporation (RBRC)
- Electronic Product Environmental Assessment Tool (EPEAT™)
- U.S. EPA's ENERGY STAR® Program
- International Electronics Manufacturers Initiative

We verify compliance with regular, periodic internal and third-party audits of our facilities and operations. Lenovo received no notices of violation nor incurred any known breaches of regulatory requirements during FY2010/11.

## 5.3 FY 2010/11 ENVIRONMENTAL PERFORMANCE

### 5.3.1 ENERGY REDUCTIONS IN OPERATIONS

Improving energy efficiency is a fundamental element of Lenovo's strategy to meet its GHG reduction targets. Projects to reduce energy consumption initiated during FY 2009/10 continued during FY 2010/11. Throughout the organization these activities are driven by site energy champions who lead energy teams that help to drive energy reduction projects.

During FY 2009/10 and FY 2010/11 Lenovo implemented over 40 energy efficiency projects at sites around the world. These projects contributed to a near 20 percent reduction in electricity consumption over this time period. These activities included:

- Administrative controls were implemented in Mexico City, Monterrey, Caracas, Bogotá, Morrisville, Whitsett, Buenos Aires, Campinas, Sao Paulo, Hook, Paisley, Lima, Dublin, Zagreb, Paris, Oslo, Copenhagen, Bratislava, Pondicherry, Bangalore, Singapore, Kuala Lumpur, Sydney, Melbourne, Wellington, Huiyang, Shenzhen, Shanghai and Beijing.

These controls included actions such as signage and employee education, adjustments in hours of operation for lighting and air conditioning, seasonal adjustments in operating hours, requiring use of energy saver modes on personal computers, replacing CRT with LCD monitors, implementing the use of energy-efficient light bulbs, purchasing wind generated electricity, increasing use of video and telephone conferencing and instituting energy patrols to turn off unneeded lights.

- Engineering controls were implemented at Morrisville, Buenos Aires, Campinas, Sao Paulo, Hook, Paisley, Paris, Oslo, Prague, Bangalore, Sydney, Wellington, Huiyang, Shenzhen, Shanghai and Beijing. These controls included projects such as installation of energy-efficient lighting, motors and air conditioning systems, installation and use of building management systems, changing to more energy-efficient equipment in data centers, installation of solar lighting, installation of timers and motion sensors to control lighting, installation of LED lighting and initiation of linked elevator motion technology.

While Lenovo has taken many actions to reduce GHG emissions, data is not currently available on the specific impacts of individual projects.

### PLANTING TREES

Lenovo has joined the United Nations Environment Programme (UNEP), an authoritative advocate for the global environment, and has been proudly contributing to the UNEP's Plant for the Planet Billion Tree Campaign.

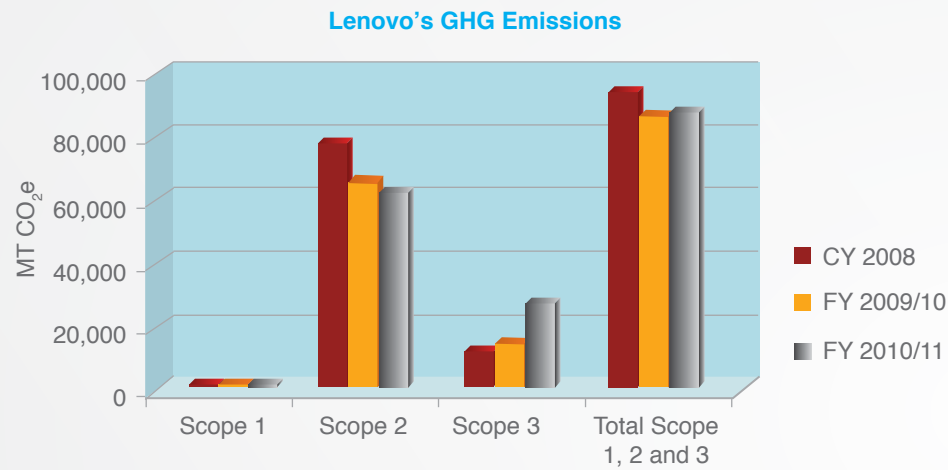


Lenovo employees planting trees in Delhi and Pune, India.

### 5.3.2 GHG EMISSIONS PERFORMANCE

Consistent with Lenovo's significant reduction in operational energy consumption, global GHG emissions reductions were also very positive. Total Scope 1 and 2 GHG were reduced by 10.5 percent from FY 2009/10 to FY 2010/11. Lenovo's reported Scope 3 emissions increased over the same period due to an increase in travel. Our Scope 3 emissions currently only include those associated with business travel.

Lenovo's FY 2010/11 CO<sub>2</sub>e Emissions Inventory is detailed in the following figure.



Note: Data for 2008 is based on a Calendar Year. Fiscal Year data for 2008/09 is not available. In order to align environmental and financial reporting, beginning April 1, 2009 Lenovo transitions from tracking and reporting energy and climate change data in conjunction with the Calendar Year to Lenovo's Fiscal Year (FY – April 1 through March 31).

[Click here](#) for more information about Lenovo's global environmental data.

### Lenovo's GHG Emissions Inventory Specifics

Base Year	FY 2009/10	April 1, 2009 – March 31, 2010
Boundary	Organizational	Operational control approach
	Operational	Scope 1, 2 and 3 in worldwide manufacturing, research and development sites and office locations
Scope	Scope 1 (direct GHG emissions)	On-site fuel combusted, operation of controlled vehicles, and fugitive emissions
	Scope 2 (indirect GHG emissions)	Purchased electricity and steam
	Scope 3 (other indirect GHG emissions)	Business travel
Greenhouse Gases	All GHG covered by the Kyoto Protocol	CO <sub>2</sub> , SF <sub>6</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFC <sub>s</sub> , and PFC <sub>s</sub>

Note: Scope 1 GHG emissions are calculated based on the purchased quantity of commercial fuel and using published emission factors from 2006 IPCC Guidelines for National Greenhouse Gas Inventories. The worksheets World Resources Institute (2008), GHG Protocol Tool for Mobile Combustion, Version 2.0 and the GHG Protocol Tool for Stationary Combustion, Version 4.0, were used for making the calculations. The tools were developed by World Resources Institute (WRI) and copyrighted. They are available at <http://www.ghgprotocol.org>

Scope 2 GHG emissions are associated with the purchase of electricity from the grid. Information on emissions from all Lenovo non-retail facilities worldwide is included in this report. For facilities solely owned or operated by Lenovo, emissions were calculated using actual quantities of purchased electricity and the international electricity emission factors for the relevant country. Lenovo emissions from shared facilities were calculated using the floor area occupied by Lenovo and international electricity emission factors for the relevant country. World Resources Institute (2009), GHG Protocol Tool for Stationary Combustion, Version 4.1 was used in calculating emissions associated with purchased electricity. The Similar Building/Facility Estimation Method was used for facilities that are partially occupied by Lenovo operations.

Scope 3 GHG emissions are calculated using air miles traveled by employees in commercial jets, ground miles traveled in rental cars and air miles traveled in leased airplanes. The worksheet World Resources Institute (2008), GHG Protocol Tool for Mobile Combustion, Version 2.0 was used to perform the calculations.

Lenovo began disclosing Greenhouse Gas emissions, climate change strategies and climate change risks and opportunities assessment through the voluntary public reporting system – Carbon Disclosure Project (CDP) in 2009. Lenovo's annual GHG disclosures are publicly available at [www.cdproject.net](http://www.cdproject.net)

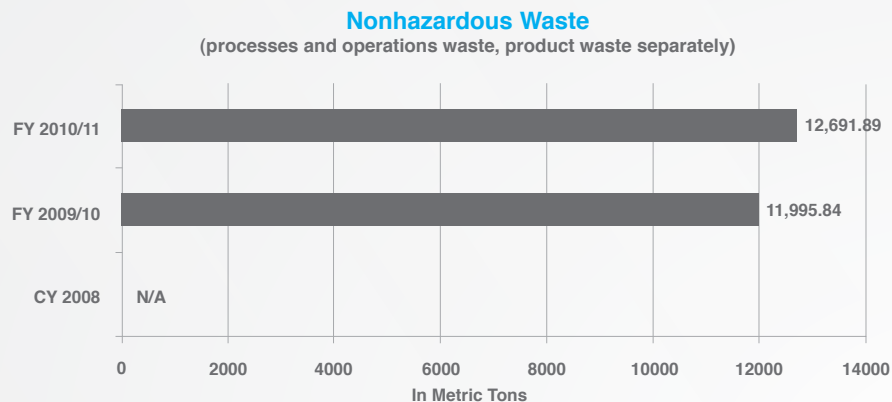
Lenovo initiated gathering Scope 3 data on two additional of 15 categories included in the Greenhouse Gas Protocol's Corporate Value Chain (Scope 3) Accounting and Reporting Standard: emissions related to product transportation and emissions associated with employee commuting. Historically, Lenovo has reported only on one of the categories, business travel.

Additionally, Lenovo continues participating in the development and implementation of the EICC's carbon/water reporting tool for the top Tier 1 suppliers.

## 5.3.3 OPERATIONAL WASTE MANAGEMENT

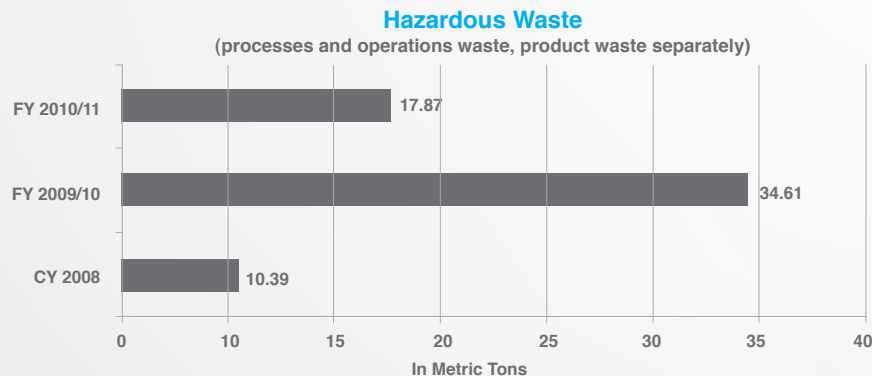
### Managing Nonhazardous Solid Waste

One of Lenovo's primary environmental objectives for operational facilities involves minimizing solid waste and maximizing recycling and reuse. Lenovo manufacturing and R&D facilities worldwide achieved a reuse/recycling rate of 89.7 percent during FY 2010/11. Detailed below is the disposition of solid waste from Lenovo manufacturing and R&D facilities globally.



### Managing Hazardous Waste

Lenovo operations generate minimal quantities of hazardous waste. Hazardous waste generated at operational facilities includes oils, coolants, batteries, fluorescent light bulbs and ballasts. All are disposed of in accordance with local environmental regulations with reputable vendors who are approved through a stringent audit process. During FY 2010/11, Lenovo neither imported nor exported any hazardous waste. During this reporting year, there were no significant spills.



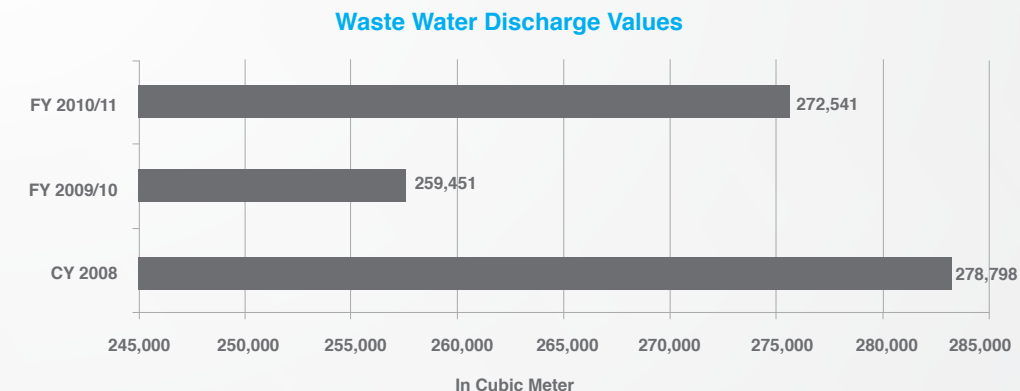
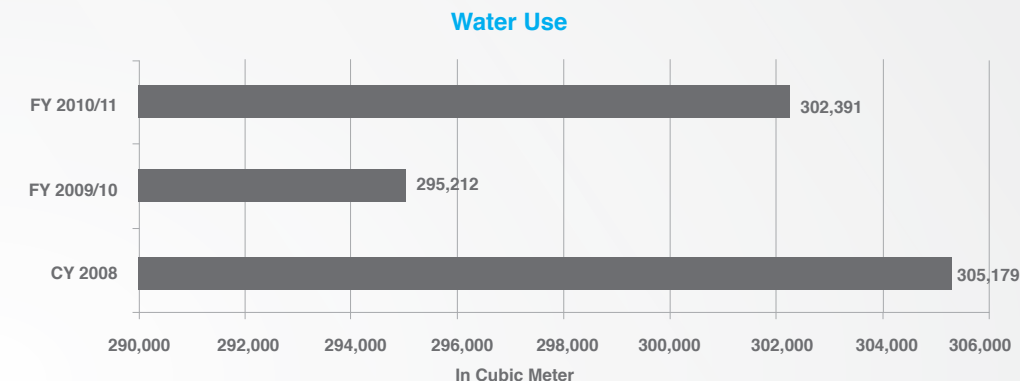
## 5.3.4 OTHER ENVIRONMENTAL ASPECTS

### Water Resources

Lenovo's manufacturing and product development operations do not have any wet processes. Because Lenovo withdraws water only from municipal sources and only for human support, we have minimal impact on local water resources. As such, there are minimal opportunities to reuse water.

We do however identify and implement opportunities to reduce the amount of water we consume. In Morrisville, USA our cafeteria uses a high-efficiency industrial dishwasher that cleans and reuses water in the wash process. Also in Morrisville, we have implemented the use of xeriscaping, which utilizes indigenous plants for landscaping, minimizing the need for irrigation. During FY 2010/11 our Beijing R&D facility installed wastewater treatment equipment that allows the reuse of wastewater to operate restroom fixtures. We have also installed water-efficient fixtures in restrooms in numerous facilities around the world. Detailed in the chart below is water use at Lenovo's manufacturing and R&D facilities over the past three years.

Lenovo does not engage in any intentional discharge of waste water other than into municipal waste water disposal systems. There were no accidental releases at Lenovo facilities during the Fiscal Year.



### Other Air Emissions

Lenovo prohibits the use of ozone-depleting substances in our products and manufacturing processes except in HVAC equipment. Ozone depleting substances used in HVAC equipment are managed in accordance with local regulations and intentional releases are prohibited. Lenovo requires the reporting of unintentional releases of chemical substances as an environmental incident. During FY 2010/11 there was one incident in Morrisville, NC, USA involving the release of approximately 22 kilograms of R-22. The incident involved failure of solder on a check-valve joint on HVAC equipment. In response to this all soft solder joints in similar service were replaced with hard solder joints.



## 5.4 PRODUCT END-OF-LIFE MANAGEMENT

Lenovo supports efforts to reduce the volume of end-of-life electronic products being disposed in landfills and to reduce the need for new raw materials by increasing the beneficial reuse of products and parts or recycling of materials.

- We support legislation assigning financial responsibility for end-of-life management to the individual producers.
- We advocate legislative initiatives that allow at least the option for manufacturers to recover their own brand products, using the information gained from recycling their own brands to be fed back into the product design process. This practice optimizes the cost not only for the manufacturer, but the consumer as well.
- We encourage our customers to reuse or recycle products at the end of their lifecycle by offering consumers and/or commercial clients a range of recycling options for disposing of products, batteries and product packaging worldwide through voluntary programs and/or country, province or state mandated programs. If you are interested in learning more about these programs, please visit: <http://www.lenovo.com/recycling>

### Initiatives

- 2005 – Lenovo implemented legally required product take-back and recycling solutions in all regions where Lenovo directly sells products.
- 2005 – Lenovo established a product take-back and recycling program in the United States providing free collection and recycling to consumers for Lenovo and select IBM PCs.
- 2006 – Lenovo introduced a free product take-back and recycling program in China for Legend and Lenovo-branded PCs, laptops, monitors and servers, ThinkPad laptops, ThinkCentre PCs and ThinkVision Monitors.
- 2007 – Lenovo launched free take-back and recycling program in India for the same products.
- In late 2009, Lenovo launched an Asset Recovery Services offering for the secure and environmentally sound return and processing of Lenovo business customer replaced products with coverage in over 40 countries. This offering is maturing with increased annual customer returns with over 80 percent of returns being used as products as originally intended.
- In 2011, the free product take-back and recycling program in the United States was enhanced to provide increased collection opportunities, including at-home pickup.
- Customers can obtain information about Lenovo's product take-back services by visiting: <http://www.lenovo.com/recycling>

For our business customers, Lenovo offers Asset Recovery Services (ARS) in more than 40 countries. Customer-access information for these programs in the Americas, Asia Pacific and Europe/Middle East/Africa can also be obtained at <http://www.lenovo.com/recycling>

Lenovo maintains an extensive program for ensuring remarketed products and parts and the refurbishing, remanufacturing, recycling and disposal of end-of-life products owned by Lenovo or returned by customers are accomplished in an environmentally conscious and legally compliant

manner. This program includes Lenovo on-site environmental evaluations and approvals in accordance with Lenovo's stringent auditing protocol.

### Some of the critical evaluation requirements include:

- Supplier's completion of Lenovo's initial supplier evaluation form declaring their processing capabilities and controls, environmental, health and safety management systems, and legal compliance.
- Supplier's full downstream disclosure identifying facilities receiving equipment or waste to point out whether it is reused as a product, part or material, or disposed as a waste and ensuring their compliance.
- Successful Lenovo on-site environmental and services audit of all facilities and processes prior to their use, and documentation of audit findings and recommendations in a final report.
- Review of all audit documentation and recommendation by Lenovo's Product End-of-Life Management Program Manager and final approval by Lenovo's Director of Global Environmental Affairs.
- Maintain Lenovo Corporate Approved Supplier Facility listing by geography and approved services.
- Establishment of Lenovo contract with each approved supplier with specific environmental terms and conditions related to expected environmental performance and reporting.

Suppliers include surplus buyers, asset recovery services, legal and voluntary product take-back providers, field services, dismantlers, recyclers and disposal vendors. All recovered products and parts are required to be data wiped, refurbished, tested for function, labeled as refurbished and resold where they will be used as originally intended without further refurbishing before use. Suppliers are required to use Lenovo-approved recyclers for the disposition of non-working products and parts and waste generated from their refurbishing processes. Lenovo prohibits the shipment of hazardous waste to non-OECD countries. Additionally, Lenovo incorporates specific environmental terms and conditions into contracts and agreements with all of these suppliers.

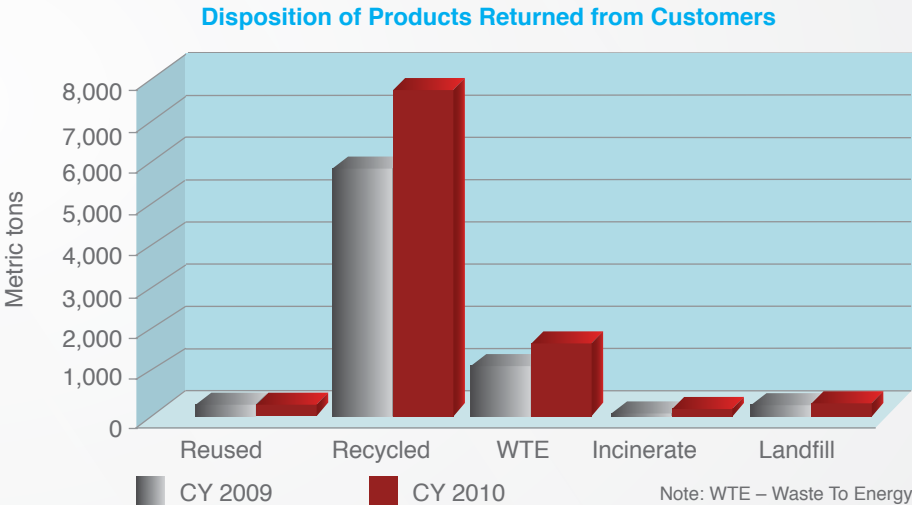
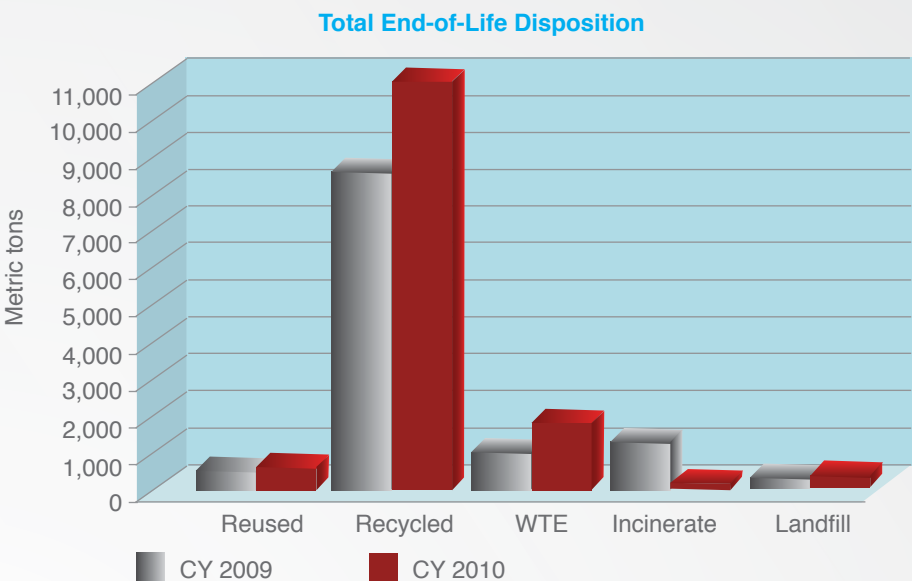
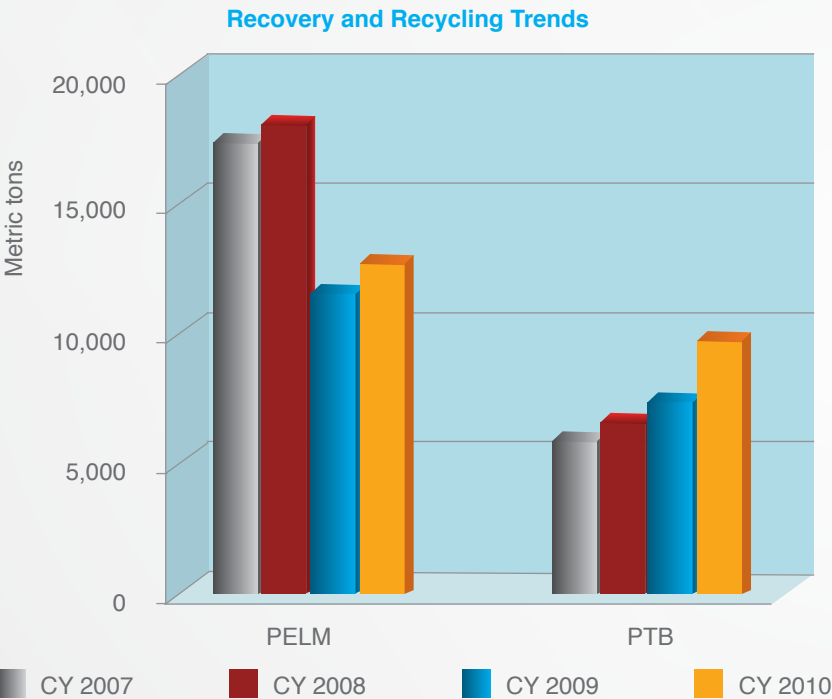
Interested parties can view information about the location of potentially hazardous components, such as batteries, which may require special handling at the end of a product's lifecycle in the product manual or by contacting: [environment@lenovo.com](mailto:environment@lenovo.com)

In the U.S. and Canada, Lenovo participates in the Rechargeable Battery Recycling Corporation's (RBRC) "Call2Recycle" Program. Rechargeable lithium ion batteries from Lenovo products such as laptops can be recycled free of charge at any of the RBRC's 30,000-plus drop-off locations in the U.S. and Canada. For more information about the RBRC's "Call2Recycle" Program and to locate a battery recycling location near you, visit <http://www.call2recycle.org/locator/> Lenovo is also a member of a number of other battery and packaging collection and recycling consortia worldwide, especially in European countries. For more information about worldwide programs, please visit: <http://www.lenovo.com/recycling>

## Recovery and Recycling Trends

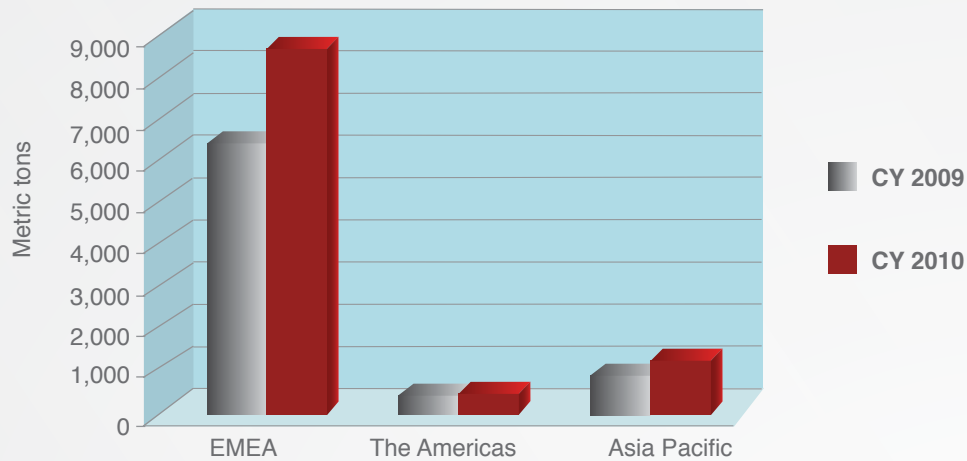
During the 2010 Calendar Year, Lenovo financed or managed the processing of more than 13,468.63 metric tons, equivalent to more than 29.7 million pounds, of Lenovo-owned and customer-returned computer equipment. Of this total, 4.06 percent was reused as products or parts, 81.6 percent was recycled as materials, 10.9 percent was incinerated with waste to energy recovery, 1.3 percent was incinerated as disposal treatment and only 2.13 percent was disposed of by landfill. As part of Lenovo's continual improvement activities, we look for opportunities to reduce the use of incineration and landfill and maximize reuse and recycling.

Since Lenovo's establishment as a global company in May 2005, we have processed more than 83,000 metric tons or 183 million pounds of computer equipment through our contracted service providers.



Our consumers have shown considerable interest in our recycling programs. In 2010, customer returns constituted more than 9,600 metric tons or more than 21 million pounds of the total processed equipment, which is a 34.8 percent increase from the 2009 performance. 2010's performance includes third-year data from Lenovo's Asset Recovery Services offered to large enterprises along with data from Lenovo's other voluntary and legal product take-back programs for consumers and businesses. The recycled customer returns in 2010 represents 3.5 percent of the total weight of new products put on the market in 2010 and 7.65 percent of the weight of products shipped in 2003. Shipments in 2003 include only Lenovo China shipments because Lenovo did not purchase IBM's PC business until May 2005. The figure on page 52, illustrates customer returns by geography.

Customers Returns by Geography



## 5.5 LENOVO'S ENVIRONMENTALLY CONSCIOUS PRODUCTS PROGRAM

Lenovo's commitment to the environment came even before its establishment as a global company in 2005. Lenovo had already developed technical specifications for PCs that included environmental attributes such as energy. In addition, all commercial products were designed to meet China's energy-saving targets.

With the globalization of Lenovo's reach in 2005, the company took environmental sustainability a step further and adopted a comprehensive Environmentally Conscious Products Program aimed toward leadership in the global PC business. The program is implemented by a network of Environmentally Conscious Product Engineers and Green Product Teams within each business unit with the support of the Global Environmental Affairs Team.

### 5.5.1 MATERIALS

Lenovo's corporate-wide environmental standards and specifications require the designers of all Lenovo IT products to consider certain environmentally conscious design practices to facilitate and encourage recycling and minimize resource consumption.

For example:

- All product lines adhere to marking of plastic parts greater than 25 grams for identification of resins for recycling.
- Products are designed to minimize the types of plastics they contain and avoid contamination of plastics by paints, glues or welded connections. Tools needed for disassembly to subsystem levels are also universally available.

- Product-specific upgradeability features are described in product literature and declarations for all Lenovo product lines.
- Recycled resins, ranging in recycled content from 10 percent to over 85 percent, are used in a number of Lenovo hardware applications and are specified as preferred materials where practical. Lenovo is working toward the goal of including some amount of recycled plastic in all new products.

- New products are evaluated for chemical emissions. To minimize potential VOC emissions, non-solvent based powder coatings are used for decorative painted parts wherever practical.

With the globalization of Lenovo's reach in 2005, Lenovo adopted a comprehensive Environmentally Conscious Products Program aimed toward leadership in the global PC business. The program is implemented by a network of Environmentally Conscious Product Engineers and Green Product Teams within each business unit with the support of the Global Environmental Affairs Team.

Lenovo supports a **precautionary approach**, ensuring Lenovo will take appropriate action even if some cause-and-effect relationships are not fully scientifically established.

Lenovo's priority is to use environmentally preferable materials whenever applicable. In adhering to the precautionary approach, Lenovo supports restricting the intentional addition of potentially concerning materials 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 actively search for environmentally preferable materials that can be used as substitutes.

We also expect our partners/suppliers to demonstrate the same commitment to environmentally sound practices. Our supplier specifications are available at: [http://www.lenovo.com/global\\_procurement/us/en/Guidelines/Restrictions\\_and\\_Packaging.html](http://www.lenovo.com/global_procurement/us/en/Guidelines/Restrictions_and_Packaging.html)

Lenovo restricts the use of environmentally sensitive materials in our products. The specification encompasses both regulatory and Lenovo-imposed material bans and restrictions, including the prohibition of ozone-depleting substances in all applications and the elimination of European Union (EU) Restriction of Hazardous Substances (RoHS) and Registration, Evaluation, Authorization and Restriction of Chemicals (REACH)-restricted materials beyond those jurisdictions where regulatory requirements exist. Lenovo's implementation strategy and requirements are consistent with the requirements specified in the EU's RoHS Directive and REACH Regulation. Additional information about RoHS and REACH can be viewed at:

[http://www.lenovo.com/social\\_responsibility/us/en/sustainability/RoHS\\_Communication.pdf](http://www.lenovo.com/social_responsibility/us/en/sustainability/RoHS_Communication.pdf)

[http://www.lenovo.com/social\\_responsibility/us/en/sustainability/Lenovo\\_REACH\\_SVHC\\_Disclosure.pdf](http://www.lenovo.com/social_responsibility/us/en/sustainability/Lenovo_REACH_SVHC_Disclosure.pdf)

Lenovo supports the goal to phase out Brominated Flame Retardants (BFRs) and PVC and is committed to driving its supply chain toward this goal. PVC and BFR-free<sup>4</sup> monitors:

<sup>4</sup>Lenovo supports the definition of "BFR/PVC free" as defined in the "iNEMI Position Statement on the 'Definition of Low-Halogen' Electronics (BFR/CFR/PVC-Free)".



- ThinkVision L2440x Wide (released in October 2008 and now end-of-life)
- ThinkVision L2251x Wide, which is available globally<sup>5</sup> (released in November 2009)

Lenovo has completely phased out<sup>4</sup> the use of PVC/BFR in all mechanical plastic parts (such as external covers, housings, etc.) across all Lenovo product lines. Lenovo currently prohibits the following from intentional addition to any Lenovo parts:

- Polybrominated Biphenyls (PBBs)
- Polybrominated Diphenyl Ethers (PBDEs)
- Deca-Brominated Diphenyl Ethers

Lenovo has also made significant progress in phasing out halogen in many commodities across several product lines. For example, beginning in 2010, various models of Lenovo ThinkPad laptops contain hard disk drives, optical disk drives, solid state drives, LCD screens, memory, CPUs, chipsets and Intel® communication cards that meet the iNEMI definition of low halogen. In addition, all plastic enclosures and most components and connectors meet low halogen criteria (the largest exception being of printed circuit boards).

Lenovo offers numerous EPEAT™ (Electronic Product Environmental Assessment Tool Gold-rated products in many countries around the world. To get a complete list of Lenovo's EPEAT™ certified product visit [EPEAT™'S registry search tool](#). Epeat™ assesses a product's satisfaction of 23 mandatory and 28 optional criteria such as reduction/elimination of environmentally sensitive materials, material selection, design for end of life, product longevity/life extension, energy conservation and end-of-life management.

We are continuing to work with our supply chain to drive low halogen transition across all commodities and product families. In April 2010, Lenovo held supplier environmental training sessions with a focus on low halogen transition requirements in Beijing, Shanghai and Shenzhen, China. The sessions were a great success, with over 400 representatives of suppliers to Lenovo's ThinkPad, ThinkCentre, IdeaPad, IdeaCentre and ThinkStation business units attending.

Lenovo plans to release additional BFR and PVC-free models across the Think-range and Idea-range family of products as acceptable alternative materials become available, working toward the goal to phase out the use of these materials across all newly introduced products. We continue to work with our suppliers to pilot new BFR and PVC-free applications. We are currently piloting BFR-free printed circuit cards in select laptops.

Lenovo recognizes that the phase-out of these materials is dependent upon the availability of suitable alternatives that meet Lenovo's technological, quality, environmental, health and safety requirements.

Lenovo has identified a list of materials and substances of environmental interest. These substances may be candidates for further restrictions in the future. Lenovo holds suppliers accountable for reporting the use of these materials through Supplier Material Declarations using the industry standard IPC 1752 form for confirmation of compliance to the restrictions and for reporting when substances in question are above the specified concentration levels. In some cases Lenovo has used the flexibility of the IPC 1752 form to include additional substances and tighter limits than called for in the industry standard Joint Industry Guide (JIG). We have made it a point to inform customers about the environmental attributes of our products and compliance with applicable laws and regulations through the presentation of a

completed industry standard IT Eco Declaration (Annex B of ECMA-370 4<sup>th</sup> edition, June 2009). Declarations for newly released products are posted on Lenovo's environmental website at: <http://www.lenovo.com/ecodeclaration>

Consistent with our precautionary approach, we continuously analyze the regulatory environment and consider input from our customers, Non-Governmental Organizations (NGOs) and other stakeholders in evaluating the potential health and environmental impacts of our products. We weigh these inputs to determine the restricted substances, as well as the substances of interest to be tracked for the purpose of reporting and for the consideration of future restrictions.



The EPEAT™ Gold ThinkCentre M70z is built with an environmentally friendly housing containing approximately 48.8% is used for recycled plastic casing.

<sup>5</sup>PVC/BFR-free power cords not available in certain geographies.

## 5.5.2 PRODUCT ENERGY EFFICIENCY

The ICT industry has been driving huge productivity gains for decades and today has the capacity to deliver solutions that can yield the greatest impact in delivering reductions in GHG. A new IDC (International Data Corporation) report, dubbed the G20 ICT Sustainability Index, has identified roughly 5.8 billion tons of CO<sub>2</sub> that can be eliminated by 2020 with the “focused use of ICT-based solutions”.

With several product energy efficiency specifications already in use even before Lenovo's inception in 2005, we launched the Climate Savers Computing Initiative (CSCI) in 2007 in partnership with the World Wildlife Fund (WWF) and other technology companies. CSCI and its member companies advocate and promote energy-efficient computer products globally. CSCI has set the goal of reducing carbon dioxide emissions by 54 million metric tons annually by 2010, and the final goal is to lower the total energy consumption of all the computers in the world to half of the current level by 2010.

The energy consumption and performance of Lenovo products meets the efficiency requirements of China, Japan, the United States, Europe and other jurisdictions. Many Lenovo laptop, desktop, server and monitor products satisfy and even exceed the current ENERGY STAR® requirements. The ENERGY STAR® qualified models are listed at Home: ENERGY STAR® – <http://www.energystar.gov> For more information about Lenovo's energy-efficient products, go to: <http://www.lenovo.com/energy>

### Lenovo's history of energy saving and emissions reduction

- 2004 – Lenovo China received the “Green Product” award for its desktop PC from the China Environmental Protection Foundation.
- 2005 – All Lenovo's commercial products met China's energy savings targets.
- 2007 – Lenovo is actively participating in ENERGY STAR® 4.0 released in July 2007 by the United States. All Lenovo notebook, desktop and monitor global models introduced since the effective date of ENERGY STAR® 4.0 meet the new standard, either in the basic models or as an option.
- 2007 – Lenovo leads the effort in writing the General Technical Specification for China's PC industry.
- 2007 – Lenovo, in cooperation with the World Wildlife Fund (WWF) and other NGOs, participated in the launch of the Climate Savers Computing Initiative (CSCI).
- 2008 – Lenovo introduced the first China Energy Efficiency Tier One monitor.
- 2008 – In April 2008 Lenovo ThinkVision monitors became the first full line of monitors to score a Gold rating in the EPEAT® registry.
- 2009 – In January, Lenovo ThinkVision monitors became the first full line-up of monitors to achieve ENERGY STAR™ 5.0 – nine months ahead of the launch of the new standard.
- 2010 – In June 2010, TCO awarded the M90z the prestigious TCO Certified EDGE designation.

## PRODUCT GREEN AWARDS AND RECOGNITION

Lenovo ThinkPad L412: “Green” Laptop

Lenovo ThinkVision L2251x Wide – “In addition to earning the TCO EDGE certification, this model is EPEAT® Gold and ENERGY STAR® 5.0 compliant. Given its low power characteristics and numerous certifications, the L2251x gets our Greentech stamp of approval”.

Lenovo, HP unveil green PCs for Earth Day

Lenovo ThinkPad L Series laptops Could be Greenest Laptops in the World

ThinkPad L Series Announced – Green Laptops Built for Business

Lenovo ThinkPad L Series is greenest to date

Lenovo announces new environmentally-friendly ThinkPad laptops

Lenovo ThinkPad L Series doesn't look or feel like it's made of recycled materials

Lenovo Pushes the Boundaries of Sustainable Design with TCO Certified Green IT Products – Leads PC Makers for Portfolio Breadth of TCO Certified EDGE Products

Lenovo first in the world with TCO Certified EDGE for All-In-One PCs

Lenovo ThinkStation E20 – Green Tech approved





# 6.0 APPENDIX



## 6.1 LENOVO CORPORATE REFERENCE DOCUMENTATION

Below are hyperlinks to documents that can be found on Lenovo's Web pages. If you are reading this as a printed document, you may get to these links by opening this Sustainability Report on Lenovo's website at <http://www.lenovo.com/sustainability>

### Lenovo Corporate Policies

The following Lenovo policies and practices are available on the Internet:

[Climate Change Policy](#)

[Code of Conduct](#)

[Commitment to Accessibility](#)

[Commitment to Diversity and Nondiscrimination](#)

[Data Privacy](#)

[Employee Health and Safety Policy](#)

[Environmental Affairs Policy](#)

[Privacy Practices on the Web](#)

[Product Safety and Ergonomics](#)

[Quality Policy](#)

### White Papers

[Lenovo Energy White Paper – Eco Drive with Power Manager™](#)

[Lenovo Low Halogen White Paper – Lenovo's Low Halogen Transition Plans and Progress](#)

[Lenovo Packaging White Paper – Packaging Green](#)

[Lenovo Recycled Content White Paper – A Lenovo Environmental Success Story: "Using Recycled Content Plastics"](#)

[Lenovo ThinkPad Design for Environment White Paper – Environmentally Conscious Product Design](#)  
["Green PCs for a Smarter Future" White Paper](#)

### Disclosures

[REACH: SVHC Disclosure](#)

[Lenovo's Product Mercury statement](#)

[Lenovo's Progress on RoHS](#)

[Lenovo Statement concerning WEEE](#)

### ISO and OHS Certificates

[ISO 9001 Certificate](#)

[ISO 14001 Certificate](#)

[OHSAS 18001 Certificates](#)

### ENERGY STAR®

[ENERGY STAR® Qualified Products](#)

### Lenovo Web Pages

Social Responsibility <http://www.lenovo.com/csr>

Environment <http://www.lenovo.com/environment>

Think Green – Climate <http://www.lenovo.com/climate>

Think Green Products – Energy <http://www.lenovo.com/energy>

Think Green Products – Materials <http://www.lenovo.com/materials>

Lenovo Product's ECO Declarations <http://www.lenovo.com/ecodeclaration>

Think Green Products – Packaging <http://www.lenovo.com/packaging>

Think Green Products – Recycling <http://www.lenovo.com/recycling>

Social Investments [http://www.lenovo.com/social\\_responsibility/us/en/social\\_investments.html](http://www.lenovo.com/social_responsibility/us/en/social_investments.html)

Global Supply Chain [http://www.lenovo.com/social\\_responsibility/us/en/global\\_supply\\_chain.html](http://www.lenovo.com/social_responsibility/us/en/global_supply_chain.html)

Sustainability Reports <http://www.lenovo.com/sustainability>

Resources Page [http://www.lenovo.com/social\\_responsibility/us/en/social\\_responsibility\\_resources.html](http://www.lenovo.com/social_responsibility/us/en/social_responsibility_resources.html)

### Contact Information for this Report

For questions or other information about this report or its content, please contact Beth Gatts, Sustainability Project Manager, 1009 Think Place, Morrisville, NC 27560 or e-mail at [environment@lenovo.com](mailto:environment@lenovo.com)

## 6.2 THE GLOBAL REPORTING INITIATIVE

The Global Reporting Initiative's G3.1 Sustainability Reporting Guidelines provide a comprehensive set of indicators covering the economic, environmental and ethical impacts of a company's performance. These reporting principles have informed our reporting for many years. We have self-assessed our FY 2010-11 Sustainability Report as GRI Application Level C. The table in this section provides an overview of Lenovo's reporting against the GRI G3.1 Sustainability Reporting Guidelines.

For further information on the GRI, see [www.globalreporting.org](http://www.globalreporting.org)

Report Application Level		C	C+	B	B+	A	A+
Standard Disclosures	G3 Profile Disclosures OUTPUT	Report on: 1.1 2.1 – 2.10 3.1 – 3.8, 3.10 – 3.12 4.1 – 4.4, 4.14 – 4.15	Report Externally Assured	Report on all criteria listed for Level C plus: 1.2 3.9, 3.13 4.5 – 4.13, 4.16 – 4.17	Report Externally Assured	Same as requirement for Level B	Report Externally Assured
	G3 Management Approach Disclosures OUTPUT	Not Required		Management Approach Disclosures for each Indicator Category		Management Approach Disclosures for each Indicator Category	
	G3 Performance Indicators & Sector Supplement Performance Indicators OUTPUT	Report on a minimum of 10 Performance Indicators, including at least one from each of: Economic, Social and Environmental.		Report on a minimum of 20 Performance Indicators, at least one from each of Economic, Environmental, Human Rights, Labor, Society, Product Responsibility.		Report on each core G3 and Sector Supplement* Indicator with due regards to the Materiality Principle by either: a) reporting on the Indicator or b) explaining the reason for its omission.	

\*Sector supplement in final version.

## STANDARD DISCLOSURES PART I: Profile Disclosures

### 1. Strategy and Analysis

Profile Disclosure	Description	Lenovo Report Section
1.1	Statement from the most senior decision-maker of the organization.	<a href="#">Section 1.0 Yang Yuanqing Letter</a>
1.2	Description of key impacts, risks and opportunities.	<a href="#">Section 1.0 Yang Yuanqing Letter</a> and <a href="#">Letter from Peter Hortensius</a>

### 2. Organizational Profile

Profile Disclosure	Description	Lenovo Report Section
2.1	Name of the organization.	<a href="#">Section 3.1 About Lenovo</a>
2.2	Primary brands, products, and/or services.	<a href="#">Report Parameters</a> and <a href="#">Section 3.4 Lenovo Products</a>
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	<a href="#">Section 3.2 Lenovo at a Glance</a>
2.4	Location of organization's headquarters.	<a href="#">Section 3.2 Lenovo at a Glance</a>
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	<a href="#">Section 3.2 Lenovo at a Glance</a>
2.6	Nature of ownership and legal form.	<a href="#">Section 3.1 About Lenovo</a> and <a href="#">Section 3.3 Governance</a>
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	<a href="#">Section 3.1 About Lenovo</a> and <a href="#">Section 3.2 Lenovo at a Glance</a>
2.8	Scale of the reporting organization.	<a href="#">Section 2.2 Metrics</a> <a href="#">Section 3.1 About Lenovo</a> , and <a href="#">Section 3.2 Lenovo at A Glance</a>
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	<a href="#">Section 5.0 Planet</a>
2.10	Awards received in the reporting period.	<a href="#">Section 5.0 Planet</a>

### 3. Report Parameters

Profile Disclosure	Description	Lenovo Report Section
3.1	Reporting period (e.g., Fiscal/Calendar Year) for information provided.	<a href="#">Report Parameters</a>
3.2	Date of most recent previous report (if any).	<a href="#">Report Parameters</a>
3.3	Reporting cycle (annual, biennial, etc.)	<a href="#">Report Parameters</a>
3.4	Contact point for questions regarding the report or its contents.	<a href="#">Report Parameters</a>
3.5	Process for defining report content.	<a href="#">Section 3.2.1 Working with Stakeholder</a>
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	<a href="#">Report Parameters</a>
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	<a href="#">Report Parameters</a>
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	<a href="#">Report Parameters</a>



3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.	<a href="#">Report Parameters</a>
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	<a href="#">Report Parameters</a>
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	<a href="#">Report Parameters</a>
3.12	Table identifying the location of the Standard Disclosures in the report.	<a href="#">Report Parameters</a> and <a href="#">Section 6.2 GRI Reference Table</a>
3.13	Policy and current practice with regard to seeking external assurance for the report.	<a href="#">Section 5.0 Planet</a>

#### 4. Governance, Commitments and Engagement

Profile Disclosure	Description	Lenovo Report Section
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	<a href="#">Section 3.3 Governance</a>
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	<a href="#">Section 1.0 Yang Yuanqing Letter</a>
4.3	For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members.	<a href="#">2010/2011 Lenovo Annual Report: <a href="http://www.lenovo.com/ww/lenovo/pdf/report/E_099220110620a.pdf">http://www.lenovo.com/ww/lenovo/pdf/report/E_099220110620a.pdf</a></a>
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	<a href="#">Section 3.3 Governance</a>
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	<a href="#">2010/2011 Lenovo Annual Report: <a href="http://www.lenovo.com/ww/lenovo/pdf/report/E_099220110620a.pdf">http://www.lenovo.com/ww/lenovo/pdf/report/E_099220110620a.pdf</a></a>
4.7	Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity.	<a href="#">2010/2011 Lenovo Annual Report: <a href="http://www.lenovo.com/ww/lenovo/pdf/report/E_099220110620a.pdf">http://www.lenovo.com/ww/lenovo/pdf/report/E_099220110620a.pdf</a></a>
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	<a href="#">Section 6.1 Reference Documents</a>
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	<a href="#">Section 1.0 Yang Yuanqing Letter</a>
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	<a href="#">Report Parameters</a> and <a href="#">Section 5.0 Planet</a>
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	<a href="#">Section 6.3 UNGC Table</a>

4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: <ul style="list-style-type: none"> <li>• Has positions in governance bodies;</li> <li>• Participates in projects or committees;</li> <li>• Provides substantive funding beyond routine membership dues; or</li> <li>• Views membership as strategic.</li> </ul>	<a href="#">Section 4.3.3 Outreach, Collaborations and Partnerships</a> <a href="#">Section 5.1.3 Partnering and Collaboration</a>
4.14	List of stakeholder groups engaged by the organization.	<a href="#">Section 3.2.1 Working with Stakeholders</a>
4.15	Basis for identification and selection of stakeholders with whom to engage.	
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	

## STANDARD DISCLOSURES PART II: Disclosures on Management Approach (DMAs)

Profile Disclosure	Description	Lenovo Report Section
<b>DMA EC</b>	<b>Disclosure on Management Approach EC</b>	
Aspects	Economic performance	<a href="#">Section 2.2 Metrics</a>
	Market presence	<a href="#">Section 2.2 Metrics</a>
	Indirect economic impacts	
<b>DMA EN</b>	<b>Disclosure on Management Approach EN</b>	
Aspects	Materials	<a href="#">Section 5.0 Planet, 5.1.2 Product Life Cycle Management</a>
	Energy	<a href="#">Section 5.0 Planet, 5.2.1 Energy and Climate Change</a>
	Water	<a href="#">Section 5.0 Planet, 5.3.4 Other Environmental Aspects</a>
	Biodiversity	
	Emissions, effluents and waste	<a href="#">Section 5.0 Planet, 5.3.2 GHG Emissions Performance, 5.3.3 Operational Waste Management, and 5.3.4 Other Environmental Aspects</a>
	Products and services	<a href="#">Section 5.0 Planet, 5.5 Environmentally Conscious Products Program</a>
	Compliance	<a href="#">Section 5.0 Planet, 5.5 Environmentally Conscious Products Program</a>
	Transport	<a href="#">Section 5.0 Planet, 5.3.2 GHG Emissions Performance</a>
	Overall	<a href="#">Section 5.0 Planet, 5.1 Lenovo's Environmental Commitment</a>
<b>DMA LA</b>	<b>Disclosure on Management Approach LA</b>	
Aspects	Employment	<a href="#">Section 4.0 People, 4.1 Lenovo Employees</a>
	Labor/management relations	
	Occupational health and safety	<a href="#">Section 4.0 People, 4.1.3 Occupational Health and Safety</a>
	Training and education	<a href="#">Section 4.0 People, 4.1.4 Employee Development</a>
	Diversity and equal opportunity	<a href="#">Section 4.0 People, 4.1.1 Diversity</a>
	Equal remuneration for women and men	

DMA HR	Disclosure on Management Approach HR	
Aspects	Investment and procurement practices	Section 4.0 People, 4.2 Global Supply Chain
	Non-discrimination	Section 4.0 People, 4.1.8 Privacy, Work Environment and Employee Complaint Process
	Freedom of association and collective bargaining	
	Child labor	Section 4.0 People, 4.2 Global Supply Chain
	Prevention of forced and compulsory labor	Section 4.0 People, 4.2 Global Supply Chain
	Security practices	
	Indigenous rights	
	Assessment	Section 4.0 People, 4.2 Global Supply Chain
	Remediation	Section 4.0 People, 4.2 Global Supply Chain
DMA SO	Disclosure on Management Approach SO	
Aspects	Local communities	Section 4.0 People, 4.3 Lenovo Investments in People
	Corruption	Section 3.0 Performance, 3.3 Governance
	Public policy	Section 4.0 People, 4.1.9 Public Policy
	Anti-competitive behavior	Section 3.0 Performance, 3.3 Governance
	Compliance	Section 3.0 Performance, 3.3 Governance
DMA PR	Disclosure on Management Approach PR	
Aspects	Customer health and safety	
	Product and service labelling	Section 3.0 Performance, 3.4 Products
	Marketing communications	
	Customer privacy	Section 4.0 People, 4.1.8 Privacy, Work Environment and Employee Complaint Process
	Compliance	Section 5.0 Planet, 5.5 Lenovo's Environmentally Conscious Products Program

## STANDARD DISCLOSURES PART III: Performance Indicators

Economic		
Performance Indicator	Description	Lenovo Report Section
Economic performance		
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	Section 4.0 People, 4.3 Lenovo Investments in People
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	
EC3	Coverage of the organization's defined benefit plan obligations.	2010/2011 Lenovo Annual Report: <a href="http://www.lenovo.com/ww/lenovo/pdf/report/E_099220110620a.pdf">http://www.lenovo.com/ww/lenovo/pdf/report/E_099220110620a.pdf</a> – Pages 69 – 70



EC4	Significant financial assistance received from government.	
<b>Market presence</b>		
EC5	Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.	
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	
<b>Indirect economic impacts</b>		
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	

<b>Environmental</b>		
<b>Performance Indicator</b>	<b>Description</b>	<b>Lenovo Report Section</b>
<b>Materials</b>		
EN1	Materials used by weight or volume.	<a href="#">Section 5.0 Planet, 5.5 Lenovo's Environmentally Conscious Products Program</a>
EN2	Percentage of materials used that are recycled input materials.	<a href="#">Section 5.0 Planet, 5.4 Product End-of-Life Management</a>
<b>Energy</b>		
EN3	Direct energy consumption by primary energy source.	<a href="#">Section 2.0 Highlights, 2.2 Metrics</a> and <a href="#">Section 5.0 Planet, 5.2.1 Energy and Climate Change</a>
EN4	Indirect energy consumption by primary source.	<a href="#">Section 2.0 Highlights, 2.2 Metrics</a> and <a href="#">Section 5.0 Planet, 5.2.1 Energy and Climate Change</a>
EN5	Energy saved due to conservation and efficiency improvements.	<a href="#">Section 2.0 Highlights, 2.2 Metrics</a> and <a href="#">Section 5.0 Planet, 5.2.1 Energy and Climate Change</a>
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	<a href="#">Section 5.0 Planet, 5.5 Lenovo's Environmentally Conscious Products Program</a>
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	<a href="#">Section 5.0 Planet, 5.3.1 Energy Reductions in Operations</a>
<b>Water</b>		
EN8	Total water withdrawal by source.	<a href="#">Section 2.0 Highlights, 2.2 Metrics</a> and <a href="#">Section 5.0 Planet, 5.3.4 Other Environmental Aspects</a>
EN9	Water sources significantly affected by withdrawal of water.	
EN10	Percentage and total volume of water recycled and reused.	<a href="#">Section 2.0 Highlights, 2.2 Metrics</a> and <a href="#">Section 5.0 Planet, 5.3.4 Other Environmental Aspects</a>
<b>Biodiversity</b>		
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	

EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	
EN13	Habitats protected or restored.	
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	
<b>Emissions, effluents and waste</b>		
EN16	Total direct and indirect Greenhouse Gas emissions by weight.	<a href="#">Section 2.0 Highlights</a> , <a href="#">2.2 Metrics</a> and <a href="#">Section 5.0 Planet</a> , <a href="#">5.3.2 GHG Emissions Performance</a>
EN17	Other relevant indirect Greenhouse Gas emissions by weight.	<a href="#">Section 2.0 Highlights</a> , <a href="#">2.2 Metrics</a> and <a href="#">Section 5.0 Planet</a> , <a href="#">5.3.2 GHG Emissions Performance</a>
EN18	Initiatives to reduce Greenhouse Gas emissions and reductions achieved.	<a href="#">Section 2.0 Highlights</a> , <a href="#">2.2 Metrics</a> and <a href="#">Section 5.0 Planet</a> , <a href="#">5.3.2 GHG Emissions Performance</a>
EN19	Emissions of ozone-depleting substances by weight.	
EN20	NOx, SOx, and other significant air emissions by type and weight.	
EN21	Total water discharge by quality and destination.	<a href="#">Section 2.0 Highlights</a> , <a href="#">2.2 Metrics</a> and <a href="#">Section 5.0</a> , <a href="#">5.3.4 Other Environmental Aspects</a>
EN22	Total weight of waste by type and disposal method.	<a href="#">Section 2.0 Highlights</a> , <a href="#">2.2 Metrics</a> and <a href="#">Section 5.0</a> , <a href="#">5.3.3 Operational Waste Management</a>
EN23	Total number and volume of significant spills.	<a href="#">Section 5.0 Planet</a> , <a href="#">5.3.4 Other Environmental Aspects</a>
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	<a href="#">Section 5.0 Planet</a> , <a href="#">5.3.4 Other Environmental Aspects</a>
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	
<b>Products and services</b>		
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	<a href="#">Section 5.0 Planet</a> , <a href="#">5.5 Lenovo's Environmentally Conscious Products Program</a>
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	<a href="#">Section 5.0 Planet</a> , <a href="#">5.5 Lenovo's Environmentally Conscious Products Program</a>
<b>Compliance</b>		
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Not applicable
<b>Transport</b>		
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	<a href="#">Section 5.0 Planet</a> , <a href="#">5.5 Environmentally Conscious Products</a>
<b>Overall</b>		
EN30	Total environmental protection expenditures and investments by type.	

Social: Labor Practices and Decent Work		
Performance Indicator	Description	Lenovo Report Section
<b>Employment</b>		
LA1	Total workforce by employment type, employment contract, and region, broken down by gender.	<a href="#">Section 2.0 Highlights, 2.2 Metrics</a>
LA2	Total number and rate of new employee hires and employee turnover by age group, gender and region.	
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	
LA15	Return to work and retention rates after parental leave, by gender.	
<b>Labor/management relations</b>		
LA4	Percentage of employees covered by collective bargaining agreements.	
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	
<b>Occupational health and safety</b>		
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender.	<a href="#">Section 4.0 People, 4.1.3 Occupational Health and Safety</a>
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	<a href="#">Section 4.0 People, 4.1.3 Occupational Health and Safety</a>
LA9	Health and safety topics covered in formal agreements with trade unions.	
<b>Training and education</b>		
LA10	Average hours of training per year per employee by gender, and by employee category.	<a href="#">Section 2.0 Highlights, 2.2 Metrics</a>
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	<a href="#">Section 4.0 People, 4.1.5 Employee Development</a>
LA12	Percentage of employees receiving regular performance and career development reviews, by gender.	<a href="#">Section 4.0 People, 4.1.5 Employee Development</a>
<b>Diversity and equal opportunity</b>		
LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	
<b>Equal remuneration for women and men</b>		
LA14	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	
Social: Human Rights		
Performance Indicator	Description	Lenovo Report Section
Investment and procurement practices		
HR1	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening.	
HR2	Percentage of significant suppliers, contractors and other business partners that have undergone human rights screening, and actions taken.	<a href="#">Section 4.0 People, 4.2 Global Supply Chain</a>



HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	
<b>Non-discrimination</b>		
HR4	Total number of incidents of discrimination and corrective actions taken.	
<b>Freedom of association and collective bargaining</b>		
HR5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights.	
<b>Child labor</b>		
HR6	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.	
<b>Forced and compulsory labor</b>		
HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.	<a href="#">Section 4.0 People, 4.2 Global Supply Chain</a>
<b>Security practices</b>		
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	
<b>Indigenous rights</b>		
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	Not Applicable
<b>Assessment</b>		
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.	
<b>Remediation</b>		
HR11	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms.	
<b>Social: Society</b>		
<b>Performance Indicator</b>	<b>Description</b>	<b>Lenovo Report Section</b>
<b>Local communities</b>		
SO1	Percentage of operations with implemented local community engagement, impact assessments and development programs.	
SO9	Operations with significant potential or actual negative impacts on local communities.	
SO10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.	
<b>Corruption</b>		
SO2	Percentage and total number of business units analyzed for risks related to corruption.	
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	
SO4	Actions taken in response to incidents of corruption.	

<b>Public policy</b>		
SO5	Public policy positions and participation in public policy development and lobbying.	
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	
<b>Anti-competitive behavior</b>		
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	
<b>Compliance</b>		
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	
<b>Social: Product Responsibility</b>		
<b>Performance Indicator</b>	<b>Description</b>	<b>Lenovo Report Section</b>
<b>Customer health and safety</b>		
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	
<b>Product and service labelling</b>		
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	Not Applicable
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	
<b>Marketing communications</b>		
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion and sponsorship by type of outcomes.	
<b>Customer privacy</b>		
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	Not Applicable
<b>Compliance</b>		
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	Not Applicable

## 6.3 UN GLOBAL COMPACT COVERAGE TABLE

Lenovo became a signatory to the UN Global Compact in 2009 and fully embraces its policies and principles. The UN Global Compact is a public-private strategic policy initiative for businesses committed to aligning operations and strategies with ten universally accepted principles in the area of human rights, labor, environment and anti-corruption. The table below shows where Lenovo is addressing each of these principles.

Principle		Lenovo 2010/11 Sustainability Report Section or Web Page
<b>Human Rights</b>		
Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights; and	Section 4.0 People: 4.2 Global Supply Chain – Supplier Performance Management
Principle 2	Businesses should make sure that they are not complicit in human rights abuses.	Section 4.0 People: 4.1.4 Human Rights
<b>Labor Standards</b>		
Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	Throughout this report and on our web at <a href="http://www.lenovo.com/csr">http://www.lenovo.com/csr</a>
Principle 4	The elimination of all forms of forced and compulsory labour;	Section 4.0 People: 4.2 Global Supply Chain – Supplier Performance Management
Principle 5	The effective abolition of child labour; and	Section 4.0 People: 4.2 Global Supply Chain – Supplier Performance Management
Principle 6	The elimination of discrimination in respect of employment and occupation.	Section 4.0 People: 4.1.8 Privacy, Work Environment and Employee Complaint Process
<b>Environment</b>		
Principle 7	Businesses should support a precautionary approach to environmental challenges;	Report Parameters, Section 5.0 Planet: Section 5.5.1 Materials
Principle 8	Undertake initiatives to promote greater environmental responsibility; and	Section 5.0 Planet: 5.1.2 Product Life Cycle, 5.2 Operations
Principle 9	Encourage the development and diffusion of environmentally friendly technologies.	Section 5.0 Planet: 5.1.2 Product Life Cycle
<b>Anti-Corruption</b>		
Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.	Section 4.0 People: 4.1.2 Ethics and Compliance





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