

DATE: December xx, 2013



TO: H.E. Ban Ki-moon  
Secretary-General  
United Nations  
New York, NY 10017 USA  
USA

**SUBJECT: Lenovo Support for UN Global Compact Principals**

Dear Secretary-General,

I am pleased to confirm that Lenovo Group Limited remains committed to embracing the ten principals of the Global Compact with respect to human rights, labor, environment and anti-corruption.

We take seriously our responsibility to advance these principles as an industry leader and global employer, and hope you will accept this letter as an indication of our continued focus on integrating the principles and policies in our operations and strategies at Lenovo. To demonstrate our commitment we have documented our progress to stakeholders and the general public in our FY 2012/2013 Sustainability Report, which details our efforts in line with each of the Global Compact principles, spanning human resource initiatives, our approach to environmental sustainability and product life cycle management and the operation of our global supply chain.

We are also proud of our inclusion this year in the inaugural United Nations Global Compact 100 index, recognizing both corporate sustainability and baseline financial performance. This recognition provides further reinforcement of our priority to continue on the path of balanced environmental responsibility and profitability.

Thank you for the opportunity to provide this Communication on Progress (COP) that describes our company's efforts to implement the ten Global Compact principles.

Kindest regards,

A handwritten signature in black ink, appearing to read "Y. Yang", written over a light gray rectangular background.

Yang Yuanqing  
Chairman and Chief Executive Officer  
Lenovo

FROM: 1009 ThinkPlace  
Morrisville, NC 27560

[www.lenovo.com](http://www.lenovo.com)



# A NEW ERA OF SUSTAINABILITY:

## LENOVO'S **PC+** TRANSFORMATION

Lenovo® Group FY 2012/13 Global Sustainability Report

**SUSTAINABILITY**  
**PC+ TRANSFORM**  
Lenovo® Group FY 2012/13 Global Sustainability Report

**lenovo® FOR  
THOSE™  
WHO DO.**

As the top PC maker in the world and an emerging PC Plus leader serving customers in 160 countries, Lenovo is committed to operating ethically and promoting corporate citizenship and sustainability in our business activities. As we've transformed our business for the PC Plus era (focused on mobile Internet devices, including PCs, tablets and smartphones), we continue to demonstrate these commitments through transparent and responsible management of our environmental, social and governance performance. Lenovo's success is built on product innovation, a highly efficient global supply chain, strong strategic execution, and our ability to deliver on our pledges to investors, employees, customers, local communities, the planet and future generations. We take our responsibilities seriously, and are focused on setting and achieving higher sustainability standards each year as we grow and diversify our product portfolio to lead in the PC Plus era.

## Table of Contents

<b>0.0</b>	<b>REPORT PARAMETERS</b>	<b>4</b>
<b>1.0</b>	<b>EXECUTIVE LETTERS</b>	<b>5</b>
1.1	Letter from Yang Yuanqing, Our Chairman and CEO	6
1.2	Letter from Peter Hortensius, Our Chief Sustainability Executive	8
<b>2.0</b>	<b>INTEGRATING SUSTAINABILITY</b>	<b>10</b>
2.1	Sustainability Highlights	11
2.2	Stakeholder Engagement	15
2.3	Consolidated Metrics	16
2.4	FY 2012/13 Performance	20
2.5	FY 2013/14 Objectives and Targets	23
<b>3.0</b>	<b>PERFORMANCE</b>	<b>26</b>
3.1	About Lenovo	27
3.2	Lenovo at a Glance	30
3.3	Corporate Governance	33
3.4	Lenovo Operations	35
3.5	Lenovo Products	38
<b>4.0</b>	<b>PEOPLE</b>	<b>41</b>
4.1	Lenovo Employees	42
4.2	Human Rights in Lenovo's Supply Chain	54
4.3	Investments in People	55
<b>5.0</b>	<b>PLANET</b>	<b>62</b>
5.1	Lenovo's Environmental Commitment	63
5.2	Operations	73
5.3	Lenovo's Environmentally Conscious Products Program	86
5.4	Product End-of-Life Management	94
<b>6.0</b>	<b>APPENDIX</b>	<b>98</b>
6.1	Lenovo Corporate Reference Documentation	99
6.2	The Global Reporting Initiative	101
6.3	UN Global Compact Coverage Table	118
6.4	Feedback	120



## Report Parameters

This is Lenovo's seventh annual sustainability report. It covers the Fiscal Year 2012/13 (April 1, 2012 through March 31, 2013). The most recent report prior to this was published in February 2013 for the Fiscal Year 2011/2012. This and previous reports are available at: <http://www.lenovo.com/sustainability>.

This report is considered a companion document to Lenovo's annual and interim reports. Those can be viewed at: [http://www.lenovo.com/www/lenovo/annual\\_interim\\_report.html](http://www.lenovo.com/www/lenovo/annual_interim_report.html). The annual report contains a sustainability overview.

### Scope of the Report

- All references are to Lenovo's fiscal year, which ends March 31, unless otherwise stated. We have included awards, rankings, and ratings announced after March 31, if they cover activities that occurred during Lenovo's fiscal year and if the announcement was made before we published this report.
- This report covers Lenovo's global operations including, except where noted, our joint ventures and acquisitions — EMC / CCE / Stoneware.
- Our operations:
  - Primary operational hubs in Beijing, China; Singapore, Republic of Singapore; and Morrisville, North Carolina, USA
  - Major research centers in Yokohama, Japan; Beijing, Shanghai and Shenzhen, China; and Morrisville, North Carolina, USA
  - Manufacturing and assembly facilities in Beijing, Shanghai, Huiyang and Shenzhen, China; Pondicherry, India; Monterrey, Mexico; Whitsett, North Carolina, USA; and contract manufacturing and OEM worldwide
  - Call centers in North America, South America, Europe, Asia and Australia

### Report Content

The content of this report is determined in accordance with the Global Reporting Initiative (GRI) G3.1 Sustainability Reporting Guidelines, the Environmental, Social and Governance Reporting Guidelines by Hong Kong Stock Exchange, and with

the needs of Lenovo's stakeholders. Lenovo's sustainability stakeholders are listed and discussed in **section 2.2** — Stakeholder Engagement.

### Notes

The notes on page 19, 22, and 25 apply to all places throughout the document where that data is used.

### External Assurance

Bureau Veritas provided verification services for the following:

- All Greenhouse Gas (GHG) emissions data in this report
- The FY 2011/12 and FY 2012/13 waste and water data in this report
- Certification for our compliance to ISO 9001, ISO 14001 and OHSAS 18001

Certificates for the above can be seen on our website. Please go to the Appendix or [click here](#).

### Basis of Calculations

- All units refer to the US dollar.
- Lenovo may in some instances face various challenges when measuring its performance. If there are contingencies associated with the data provided, those contingencies will be noted in the documentation.
- Lenovo continues to strive 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, we may not always provide information publicly until we are certain that this data can be delivered in a high-quality and consistent manner.

### 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  
email: [environment@lenovo.com](mailto:environment@lenovo.com)



7 HIGH STACKING ONLY

MAX GROSS	24 000	KGS
	52 910	LBS
TARE	1 940	KGS
	4 280	LBS
PAYLOAD	22 060	LBS
	48 630	LBS
	33.2	CU.M
	1.173	CU.FT.

# EXECUTIVE LETTERS

- 1.1 Letter from Yang Yuanqing, Our Chairman and CEO
- 1.2 Letter from Peter Hortensius, Our Chief Sustainability Executive

## 1.1

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



Over the past year, Lenovo has revolutionized the PC Plus industry with the introduction of innovative new products including the world's first table PC, a family of convertible tablet PCs, a top-of-the-line smartphone portfolio, and the launch of a new series of smart TVs in China. We expanded into many new markets both with the introduction of new products and the addition of new and expanded global manufacturing and development facilities. We achieved all-time record highs for Lenovo revenues, profitability and full-year worldwide market share.

While the industry and Lenovo itself are transforming in many ways for the PC Plus era, we are steadfast that some things will not change: our dedication to building sustainable products, operating a sustainable business, and delivering on our commitments to our investors, employees, customers, local communities, the environment, and future generations. We have been preparing for the PC Plus era for years, and are confident that we will lead the way setting the standard for sustainability performance as well.

This report outlines Lenovo's current sustainability-related investments, accomplishments, challenges and short- and long-term targets. Some of this year's highlights include:

- Lenovo demonstrated progress in formalizing our sustainability programs by publishing our first Corporate Sustainability Policy, which I signed and endorsed, and in documenting sustainability factors in our risk management program's "Risk Registration Review."
- Lenovo has been selected as a constituent stock of the 2013 Hang Seng Corporate Sustainability Index (HSCSI). This is the fourth year of the index and the fourth in which Lenovo has been selected. Lenovo's continued inclusion in this index is representative of Lenovo's continuous efforts to be both sustainable and socially responsible.
- We were recognized for the first time by Gartner, one of the world's leading information research and advisory firms, as an exclusive member of the



Gartner *2013 Supply Chain Top 25*. We attribute this global recognition to improvements in operations that helped Lenovo outperform the industry for four consecutive years, while expanding rapidly to become the world's largest PC supplier. These improvements include a dramatic transformation of our supply chain to eliminate waste and improve speed, flexibility and efficiency, which has been in process since 2006.

- Through this year's operational successes and transformations, including the creation of our Think Business Group and Lenovo Business Group, as well as acquisitions, major product introductions, and the opening of a new manufacturing facility in Whitsett, North Carolina, we have maintained focus on the key commitments of our Environmental Policy. These commitments include: working to ensure compliance, acting to prevent pollution and reduce our environmental impact, striving to develop products with industry-leading environmental attributes, and pushing to continually improve our global environmental performance.
- As the world's number one PC company worldwide as well as in the education market, Lenovo has long been passionate about K-12 and higher education initiatives as a pillar of its corporate social responsibility investments. This year, Lenovo was instrumental in launching the United Nations Secretary-General's ambitious *Education First* initiative. As a founding member of the new Global Business Coalition for Education, Lenovo is participating in a joint commitment to send high-level business delegations to meet with the leadership of key countries in support of improving learning outcomes around the world.
- Separately, Gerry P. Smith, President of Lenovo Americas Group, was honored this year as one of STEMconnector's "*100 CEO Leaders in STEM*" for his role in spearheading Lenovo's ongoing commitment to science, technology, engineering and math (STEM) education in the United States.
- Lenovo received numerous "best-in-class" awards over the past fiscal year from government agencies around the world for our employee wellness programs and on-site safety records in offices and facilities in Monterrey, Mexico; Shenzhen, Beijing, Shanghai, Huiyang and Chengdu, China; Pondicherry, India; and Whitsett and Morrisville, North Carolina, United States.

- We reached our second milestone in our 10-year greenhouse gas (GHG) reduction commitments, established in fiscal year 2009/2010. Lenovo was able to reduce our Scope 2 greenhouse gas emissions by 13 percent relative to fiscal year 2009/2010 — a period which saw Lenovo sales more than double, growing from \$16 to \$34 billion in 2012/2013. This was accomplished by installing a solar array at our manufacturing plant in Shanghai, China, implementing energy efficiency projects at several sites and purchasing renewable energy credits.

I've said that the key to success in the PC Plus era is differentiation through innovation. And I have challenged all involved in Lenovo's sustainability plans and processes, including our 35,000 employees, to continue to differentiate Lenovo by pioneering innovation in our sustainability culture, our products, our facilities, and throughout our supply chain.

As Lenovo continues to expand our PC and PC Plus portfolio, we are committed to first and foremost doing this sustainably and responsibly. This is not just the right thing to do; we recognize that the hard-earned reputation and success of our company depends on our ability to deliver on these promises.

As I look at all we've achieved over the past year, I'm humbled and honored by Lenovo's extensive work to build upon our history of environmental achievement and improve our sustainability processes, and I am excited to continue on this path forward.

Thank you.



**Yuanqing Yang**

Chairman & CEO, Lenovo



## 1.2

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



The PC Plus era is in full swing, bringing with it new and unique challenges to our sustainability programs. At Lenovo, sustainability means integrating social and environmental values with the traditional economic measures of success in our development and delivery of superior products and services. As our company transforms for the PC Plus era by entering new markets and introducing a range of new products, our sustainability challenges will become inevitably more complex. But we have been preparing for these challenges for years and are well positioned to lead the way in this new era of corporate sustainability.

As Lenovo's Chief Sustainability Executive, I'm proud of the work we've done over the past year. We've had great success in providing our customers with high-integrity products and services while treating our people with respect, contributing to our local communities, protecting the environment, and growing and managing our business efficiently and profitably.

In the last year, we've achieved some significant milestones, one of which included publishing our first Corporate Sustainability Policy that formalized our commitment to operating ethically and promoting corporate citizenship and sustainability in all our business activities. Our Chairman and CEO, Yang Yuanqing, signed the Policy, which formalizes our environmental, social and governance values. The Policy clearly states that each business unit at Lenovo is expected to incorporate measurable sustainability objectives in their strategies and to continually improve their performance in this area.

In FY12/13, we reduced our Scope 2 greenhouse gas emissions by 13 percent relative to our FY09/10 baseline through a combination of installing a solar energy system in Shanghai, implementing energy efficiency projects at numerous sites, and purchasing renewable energy credits.

We recognize that the impact of our business extends well beyond our gates and includes our global supply chain, a key focus in our sustainability programs. In this new era of corporate sustainability, compliance and risk management are critical to ensuring Lenovo's access to and success in new markets.

As we continue to transform and retain our PC market share lead, and become a global PC Plus innovation leader, there is still much more to be done.

While we've met the majority of our sustainability goals this year, we understand that our growing and evolving business will bring new sustainability challenges in the year ahead. We're up for the challenge and we'll continue to work with our stakeholders to ensure we are leading the way in best-in-class sustainability practices, just as we are doing in the PC Plus industry.

Thank you.

*P. H.*

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



# INTEGRATING SUSTAINABILITY

- 2.1 Sustainability Highlights
- 2.2 Stakeholder Engagement
- 2.3 Consolidated Metrics
- 2.4 FY 2012/13 Performance
- 2.5 FY 2013/14 Objectives and Targets



## 2.1 Sustainability Highlights

Lenovo published its first official **Corporate Sustainability Policy** (provided below) over the past year in an effort to further formalize and integrate sustainability initiatives throughout Lenovo's worldwide operations. Signed and supported by the chairman and CEO, the policy includes sustainability commitments across social, environmental and economic areas.

### CORPORATE SUSTAINABILITY POLICY

Lenovo is committed to ethical corporate citizenship and to promoting sustainability in all of its activities. We demonstrate these commitments through transparent and responsible management of our social, environmental, and economic values. These values respect and are informed by those of all of our stakeholders, including the communities with which we interact. The requirements listed below apply to Lenovo's worldwide operations. Every organization must support this policy and each manager and employee, as well as any contractor performing work on behalf of Lenovo, bears a personal responsibility to abide by the following principles:

#### Social

- Provide a safe, healthy, and enriching working environment for our employees
- Be a fair and responsible member of the communities in which we operate
- Work with our supply chain to ensure that Lenovo's values and expectations are upheld
- Extend the benefits of Lenovo experience, products, and successes to the communities in which we operate and contribute to their development
- As employees and as a company, be ethical and responsible citizens

#### Environmental

- Meet or exceed all environmental requirements wherever Lenovo does business
- Maintain an awareness of potential environmental influence and strive to continually reduce the environmental impacts of Lenovo's operations, products, and services
- Minimize Lenovo's climate change impact
- Be a responsible steward of resources

#### Economic

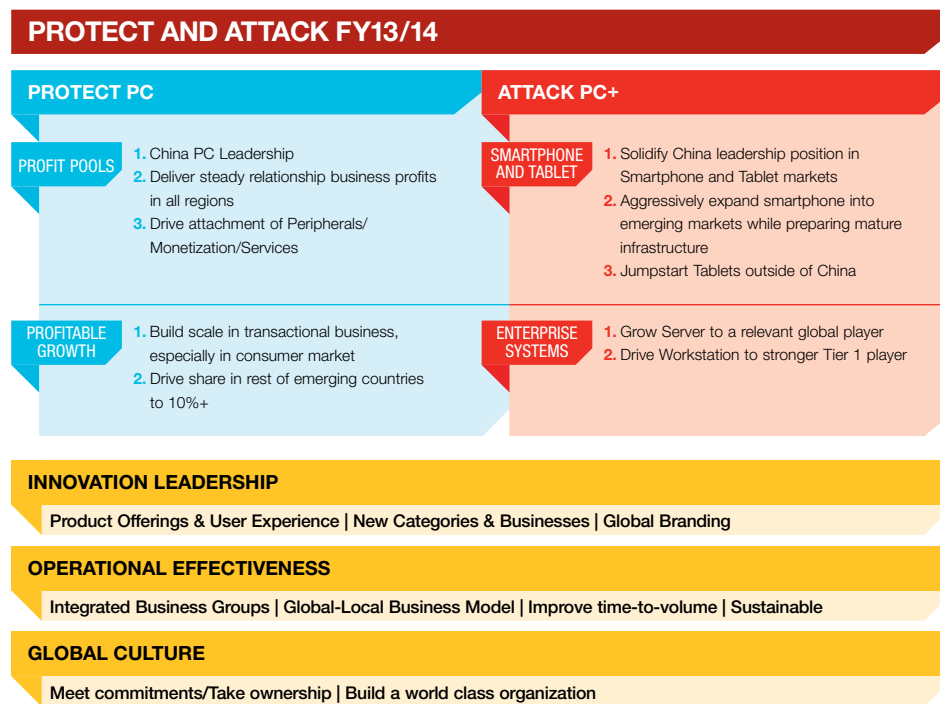
- Provide long term value for our investors and stakeholders
- Enable our customers to improve their own economic situation by providing the best technology and solutions
- Provide appropriate resources to fulfill these objectives

Each business unit at Lenovo is expected to incorporate sustainability objectives in their strategies and to continually improve their performance in this area.



Figure 2.1 demonstrates how sustainability plays an integral role in our Protect and Attack business strategy.

**Figure 2.1 Lenovo's Protect and Attack Strategy for FY13/14**



We have defined and worked to continuously improve our efforts in the following core sustainability focus areas:

- 1. TRANSPARENCY** – Communicating Lenovo's sustainability-related policies and goals, and providing regular updates on our progress;
- 2. CLIMATE CHANGE** – Continuing our focus on minimizing the carbon impact of Lenovo's operations and enhancing our understanding of the impact of our supply chain;
- 3. COMPLIANCE AND RISK MANAGEMENT** – Ensuring Lenovo has efficient and effective tools to manage our compliance operations and expanding our management system to new acquisitions and operations;

- 4. BUILDING A SUSTAINABILITY CULTURE** – Promoting awareness and providing training to Lenovo employees and suppliers, and formalizing our existing management system;
- 5. STAKEHOLDER RELATIONS** – Evaluating and enhancing our programs for engaging with key stakeholders in the communities in which we operate, and ensuring Lenovo understands and is responsive to key concerns;
- 6. PRODUCT LEADERSHIP** – Continuing our progress in key areas of product sustainability, including the use of post-consumer recycled content, energy efficiency, packaging optimization, and product quality and longevity.

## 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. Lenovo's product environmental strategy focuses on:

- 1. ENERGY** – Energy-efficient products, energy management tools, product carbon footprint
- 2. MATERIALS** – The use of environmentally preferable materials
- 3. PACKAGING** – Product packaging initiatives

## RECOVERY AND RECYCLING TRENDS

During the 2012 calendar year, Lenovo financed or managed the processing of more than 13,100 metric tons, equivalent to more than 24.5 million pounds, of Lenovo-owned and customer-returned computer equipment. Of this total, 9.8 percent was reused as products or parts, 84 percent was recycled as materials, 3.2 percent was incinerated with waste-to-energy recovery, 0.3 percent was incinerated as disposal treatment and only 2.7 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 landfills, and maximize reuse and recycling.

Since Lenovo's establishment as a global company in May 2005, we have processed more than 107,800 metric tons, or 238 million pounds, of computer equipment through our contracted service providers.

## RECYCLED CONTENT

Since early 2005, Lenovo has used over 109 million pounds (gross) of plastic materials containing Post-Consumer Recycled Plastic Content (PCC) and/or post-industrial recycled content (PIC) in its products, with net PCC of over 42.7 million pounds and net PIC of over 1.8 million pounds. In 2012, Lenovo used nearly 23.2 million pounds (gross) of recycled plastics with net PCC of over 11 million pounds. To continue this momentum, Lenovo challenged its product teams to incorporate some amount of PCC into every PC product released by the end of fiscal year (March 2013) and increase each business unit's use of PCC by 10 percent year- to- year. To encourage the focus of Lenovo's product groups on achieving the objective of increasing the use of these environmentally preferred materials and to reflect the maturation of this program, the following new targets were established for fiscal year 2012/13:

- 100 percent of products released after March 31, 2013, will contain at least five percent PCC relative to total plastics weight.
- Increase the percentage of PCC (relative to total plastics weight) by 10 percent for all new products released after March 31, 2013. The percentage increase is measured relative to the previous generation of the product.

In CY 2012, Lenovo used 23,248,922 pounds gross of recycled content plastics with 48 percent of that total being net post-consumer and post-industrial plastics.

## SUPPLY CHAIN

As a member of the **Electronic Industry Citizenship Coalition**, Lenovo has implemented a full EICC compliance program with our suppliers, using formal contractual agreements separate from production or service agreements and statements of work.

### The agreements require the supplier to:

- Comply with the EICC Code of Conduct
- Self-assess annually with EICC tools (EICC-ON)
- Effectuate audits bi-annually with EICC-approved auditors

- Provide audit reports and corrective action plans
- Require their own suppliers also to comply with the Code

### Key statistics are as follows:

- At least 95 percent of our procurement spend is covered with EICC agreements
- 100 percent of targeted suppliers had executed agreements in place
- At least 95 percent of Lenovo suppliers are completing self-assessments on time
- At least 93 percent of suppliers are completing their audits on time
- No audits to date have resulted in any zero tolerance or high priority findings
- Compliance has improved 9 percent from the previous round of audits to current round of audits
- Average major findings were reduced from 15 to five findings per audit

## TALENT MANAGEMENT & EMPLOYEE ENGAGEMENT

Lenovo is committed to its investment in talent development, and has a robust and systematic approach to employee, manager and executive development. Most recently, Lenovo has implemented Learning@Lenovo, a suite of employee development initiatives that reaches executives, people managers and individual contributors through four global programs (Leading@Lenovo, Managing@Lenovo, For Those Who Manage and Contributing@Lenovo).

Lenovo also seeks the insights of its employees worldwide through its Lenovo Listens employee engagement survey. The 2012 Lenovo Listens survey, which boasted a 94 percent participation rate (up from 84 percent in 2011), showed that Lenovo employees are proud and see the positive impact their work has on customer satisfaction. There is an internal atmosphere of cooperation and accountability. Managers provide clarity by being available to employees who have questions. Scores on all 2012 survey items improved from the previous year, most notably relating to positive perceptions of management, direction from managers, pay-for-performance, and employee growth and development.

Lenovo conducts post-survey focus groups to better understand employees' input and drive action planning at the management and corporate level for continuous improvement.

As a result of the 2012 survey feedback, over 1,200 managers created action plans to continue improving the workplace. Additionally, the worldwide executive task forces that were created following the 2011 survey remain a focus for enhancing both innovation capabilities and operational efficiencies around the world.

These efforts will help Lenovo not only continue to win in PCs, but also prepare us to compete effectively in the PC Plus era.

## INDUSTRY SUSTAINABILITY SURVEYS AND RATINGS

Lenovo has been selected as a constituent stock of the 2013 **Hang Seng Corporate Sustainability Index (HSCSI)**. This is the fourth year of the index and the fourth in which Lenovo has been selected. Lenovo's continued inclusion in this index is representative of Lenovo's continuous efforts to be both sustainable and socially responsible. For the third consecutive year, Lenovo has earned a position on the RepuTex Hong Kong Honour Board, which puts it among the top five of the 353 companies whose corporate sustainability performance was examined. In addition, Lenovo is the top rated company in the Information Technology sector and the only company in its sector among the Hong Kong top 20.

Lenovo's responses to the CDP on climate change management strategy and greenhouse gas emissions inventory achieved a CDP 2013 Carbon Disclosure Score of 94 (out of a possible 100) and placed Lenovo in the performance band A (out of the following bands: A, A-, B, C, D and E). The Disclosure Score is assessed based on the quality and comprehensiveness of Lenovo's transparency and the CDP Performance Score is assessed based on Lenovo's actions to combat climate change, such as climate change mitigation and adaptation. Lenovo's 2013 CDP disclosure report is publicly available at <http://www.cdproject.net>.

## 2.2 Stakeholder Engagement

No business can act in a vacuum. Lenovo acknowledges that a variety of perspectives are relevant to shaping our sustainability strategy. We engage with a variety of stakeholders and consider their feedback as we develop our sustainability strategy and report on our progress. This includes interactions with customers, employees, investors, regulators, suppliers, the communities in which we operate, nongovernmental organizations (NGOs), and others.

Lenovo continues to enhance and formalize our stakeholder engagement strategy as part of our FY 2013/14 sustainability programs.

Lenovo determines which stakeholders are important to the development of our sustainability strategy by evaluating a number of factors, including:

- Relevance of stakeholder concerns to Lenovo's core business, product set and sustainability strategy and focus areas
- Extent of stakeholders' expertise, both in terms of subject matter and regional knowledge
- Importance of issues raised by stakeholders to Lenovo customers and investors

Potential stakeholder input is evaluated by Lenovo subject matter experts including Lenovo's Sustainability Working Group, made up of representatives from most major business areas. Currently, Lenovo engages with individual stakeholder groups on an ad-hoc basis as needed by the subject matter and individual stakeholder concerns. For example, Lenovo's sites in Beijing have engaged with the World Bank in their "Spontaneous Promoting Green Travel" project. As part of this project, Lenovo launched an employee carpooling communication platform and green travel survey and has communicated to 10,000 Beijing employees about commuting alternatives to minimize greenhouse gas emissions and improve air quality.

Lenovo presented an update on our sustainability programs to the investor community in January 2012 during a call organized by CLSA, one of Asia's leading and longest running investment groups. Local stakeholder engagement at the site level is primarily done through Lenovo's community relations (see [section 4.3.4](#) of this report) and communications teams, who work closely with Lenovo's global organization on sustainability issues. Lenovo engages with suppliers through quarterly business reviews, supplier conferences, and a Lenovo Supplier Advisory Council (representing the top 20+ Lenovo suppliers).

Key issues that have been raised through Lenovo's engagement with stakeholders include climate change, carbon disclosure, packaging, energy efficiency, recycling, and use of environmentally preferable materials. Lenovo has responded to these concerns by:

- Publishing a **Climate Change Policy**
- Reporting carbon emissions data and strategies to Carbon Disclosure Project (see [section 5.2](#) of this report)
- Making improvements in our packaging design and materials (see [section 5.3.3](#) of this report)
- Making **energy efficiency data available on our website**
- Providing free consumer recycling options in many geographies (see [section 5.4.5](#) of this report)
- Increasing the use of post-consumer recycled content (see [section 5.1.4](#) of this report)
- And other actions

In addition to engaging with external stakeholders for input, Lenovo also seeks internal stakeholder input through its global Lenovo Listens employee engagement survey. This survey helps us measure how well we are building our culture of commitment and ownership and how much we are increasing employee engagement globally, regionally and locally (see [section 4.1.6](#) of this report).



## 2.3

## Consolidated Metrics

## General Data

	FY12/13	FY11/12	FY10/11	FY09/10
<b>USD (Millions)</b>	\$33,873	\$29,574	\$21,594	\$16,605
<b>Sales Breakdown Balanced Geographical Mix<sup>o</sup></b>				
Mature Markets		42%	36%	37%
North America	15%			
EMEA	22%			
Emerging Markets (excluding China)		16%	18%	16%
Asia Pacific / Latin America	20%			
China	43%	42%	46%	48%
<b>Sales Breakdown By Product</b>				
Notebook	53%	57%	60%	63%
Desktop	31%	33%	34%	35%
Mobile Internet/Digital Home (MIDH)	9%	5%	4%	1%
Others	7%	5%	2%	2%
<b>Research and Development</b>				
Expenditures/Sales	0.0184	0.0153	0.0141	0.0129

## Employees, Health and Safety

	FY12/13	FY11/12	FY10/11	FY09/10
<b>Number of Employees - Total</b>	35,026	27,897	27,039	22,205
<b>Number of Employees by Region<sup>o</sup></b>				
Americas		12%	11%	N/A
North America	7%			
Asia Pacific		10%	6%	N/A
Asia Pacific / Latin America	21%			
China	63%	68%	77%	N/A
EMEA	8%	10%	6%	N/A
<b>Percentage of Employees by Gender</b>				
Males	61%	N/A	N/A	N/A
Females	39%	N/A	N/A	N/A
	<b>CY 2012</b>	<b>CY 2011</b>	<b>CY 2010</b>	<b>CY 2009</b>
<b>Hours of training per manufacturing employee</b> (including part-time employees)	35	35	35	N/A
<b>Incident Rates</b>				
Recordable Rate	0.21	0.30	0.41	0.59
Lost-Time Rate	2.96	2.40	2.06	2.48
Number of employee fatalities (work-related)	0	0	0	0
Number of contractor fatalities (work-related)	0	0	0	0
<b>Number of OHSAS 18001 registered facilities</b>	9	8	8	6

## Communities and Philanthropy

	FY12/13	FY11/12	FY10/11	FY09/10
<b>Charitable and other donations</b>	\$900,814	\$2,721,454	\$3,000,000	\$497,000
<b>Cash Donations</b>				
China only	\$533,991	\$76,454		
Non-China	\$100,000	\$1,655,000	\$2,500,000	
<b>In-Kind Donations</b>				
China only	\$216,823	\$65,000		
Non-China	\$50,000	\$925,000	\$500,000	
	<b>CY 2012</b>	<b>CY 2011</b>	<b>CY 2010</b>	<b>CY 2019</b>
<b>Charitable Giving</b>				
US Employee Charitable Giving Campaign (given by employees) <sup>1</sup>	\$605,000	\$502,000	\$406,000	\$317,000
Lenovo Matched Contributions (based on US employee contribution above) <sup>1</sup>	\$215,000	\$181,000	\$140,000	N/A
	<b>FY12/13</b>	<b>FY11/12</b>	<b>FY10/11</b>	<b>FY09/10</b>
<b>Volunteering</b>				
Total	>5,000	3,200	3,000	
Volunteering by hours - North Carolina	4000	1,500	1,300	770

## Environmental Data

	FY12/13	FY11/12	FY10/11	FY09/10
<b>GHG Emissions<sup>2</sup></b> (Metric Tons CO <sub>2</sub> equivalent - MT CO <sub>2</sub> e)				
Scope 1	3,595	3,109	3,465	3,533
Scope 2	100,641	95,299	77,865	84,678
Total Scope 1&2	104,236	98,408	81,330	88,211
Scope 3				
Business Travel	24,793	31,588	24,316	15,675
Product Transportation	267,530	387,250	N/A	N/A
Emissions from Waste	870	524	N/A	N/A
Employee Commuting	23,196	22,219	N/A	N/A
Purchased Goods and Services	1,270,866	N/A	N/A	N/A
Fuel-and-Energy Related Activities (not included in Scope 1 or 2)	7,134	N/A	N/A	N/A
<b>Emissions Intensity:</b> <b>GHG Emissions – Scope 1 &amp; Scope 2<sup>2</sup></b> (Metric Tons per \$ million revenue)	3.08	3.33	3.77	5.31
<b>Operational Energy Intensity Use – Scope 1 &amp; Scope 2<sup>2</sup></b> (MWh per \$ million revenue)				
Fuel Combustion	0.51	0.50	0.72	0.97
Purchased Energy (electricity and steam)	3.67	4.05	5.55	7.47
<b>Operational Energy Use – Scope 1 &amp; Scope 2<sup>2</sup></b> (MWh per \$ million revenue)				
Fuel Combustion	17,309.71	14,900.80	15,531.23	16,076.88
Purchased Energy (electricity and steam)	124,275.67	119,685.48	119,947.82	124,034.93
<b>Voluntary Generation and Purchases of Renewable Energy<sup>2</sup></b>				
Solar Energy	210	-	-	-
Renewable Energy Credits	35,303	10,500	10,500	N/A
Carbon Offsets	9,457	3,000	3,000	N/A
<b>Water<sup>3</sup></b> (Cubic Meters)				
Water Use	602,155	508,935	302,391	295,212
Waste Water Discharge	549,678	484,072	272,541	259,451
Wastewater Exceedances	0	0	0	0

## Environmental Data

	FY12/13	FY11/12	FY10/11	FY09/10
<b>Waste<sup>4</sup></b> (Metric Tons)				
Non-Hazardous Waste	20,088.68	16,764.67	12,691.89	11,995.84
Hazardous Waste	12.66	11.24	17.87	34.61
	<b>CY 2012</b>	<b>CY 2011</b>	<b>CY 2010</b>	<b>CY 2009</b>
<b>Recovery and Recycling Trends</b> (Metric Tons)				
Product Take Back (PTB) <sup>5</sup>	9,876.67	12,743.25	9,664.08	7,166.17
Product Returns and eWaste from Manufacturing & Development Sites <sup>5</sup>	1,249.87	921.49	3,804.55	4,382.10
<b>Product End-of-Life Management (PELM)<sup>5</sup></b>	<b>11,126.54</b>	<b>13,664.74</b>	<b>13,468.63</b>	<b>11,548.27</b>
<b>Product End-of-Life Management (PELM) Disposition</b> (Metric Tons)				
Reused	1,093.86	898.87	547.26	483.21
Recycled	9,351.50	11,587.44	10,992.08	8,572.44
Waste to Energy (WTE)	351.07	817.34	1,471.76	955.85
Incinerate	28.54	88.05	171.11	1,296.84
Landfill	301.57	273.04	286.42	239.93
<b>Total</b>	<b>11,126.54</b>	<b>13,664.74</b>	<b>13,468.63</b>	<b>11,548.27</b>
<b>Product Take Back (PTB) Disposition</b> (Metric Tons)				
Reused	238.05	388.32	160.00	198.76
Recycled	9,006.68	11,272.70	7,582.80	5,757.85
Waste to Energy (WTE)	349.90	811.19	1,471.76	955.59
Incinerated	28.54	81.89	165.59	31.35
Landfill	253.50	189.14	283.93	222.62
<b>Total</b>	<b>9,876.67</b>	<b>12,743.25</b>	<b>9,664.08</b>	<b>7,166.17</b>
<b>Product Take Back (PTB) by Geography</b> (Metric Tons)				
EMEA	7,618.57	9,423.66	8,326.76	6,103.63
The Americas	1,109.73	2,111.53	364.89	386.49
Asia Pacific	1,148.37	1,208.06	972.43	676.05
<b>Total</b>	<b>9,876.67</b>	<b>12,743.25</b>	<b>9,664.08</b>	<b>7,166.17</b>

## Environmental Data

	CY 2012	CY 2011	CY 2010	CY 2009
<b>Use of Recycled Plastics in Products</b> (Pounds)				
Plastics Containing Recycled Content (PCRC)	23,248,922	23,949,989	19,114,655	23,389,987
Net Post Consumer Recycled Content (PCC)	11,092,499	10,508,749	7,155,703	8,117,722
Net Post Industrial Recycled Content (PIC)	15,013	117,892	183,914	770,214
	<b>FY12/13</b>	<b>FY11/12</b>	<b>FY10/11</b>	<b>FY09/10</b>
<b>Number of ISO 14001 Registered Sites</b>	18	17	15	14
<b>ENERGY STAR Certified Products Availability<sup>6</sup></b> (percentage of products)				
Notebook Platforms	98	98	93	93
Desktop Platforms	71	71	50	43
Workstation Platforms	92	92	92	92
Server Platforms	50	50	N/A	N/A
Monitors	96	96	93	93





## 2.4 FY 2012/13 Performance

Target Type	Objective	Key Performance Indicator(s)	Target(s)	Status
<b>Sustainability Culture</b>	Continue to drive development of Lenovo global sustainability culture.	Target Completion Date	Publish Lenovo global sustainability strategy September 30, 2012.	<b>Target met.</b>
			Develop employee sustainability awareness training by December 31, 2012.	<b>Target met.</b>
			Define Lenovo conflict minerals strategy and position.	<b>Target met.</b>
<b>Information Technology</b>	Improve Information Technology (IT) for Sustainable Reporting & Compliance.	Target Completion Date	Investigate comprehensive data management solutions for sustainability data by March 31, 2013.	<b>Target not met.</b> The decision was made to develop data management solutions internally.
			Include EU environmental reporting solution in an upcoming internal IT release.	<b>Target partially met.</b> While the solution has been rolled out, technical issue caused a delay in complete implementation.
			Complete Product Environmental Review Database by June 30, 2012.	<b>Target met.</b>
<b>Stakeholder Engagement</b>	Evaluate and strengthen Lenovo's stakeholder engagement process.	Target Completion Date	Complete initial release of the Site Environmental Database by June 30, 2012.	<b>Target met.</b>
			Benchmark Lenovo's stakeholder engagement process relative to competitors and global sustainability leaders before March 31, 2013.	<b>Target met.</b>
			Identify and recommend opportunities to strengthen Lenovo's process before March 31, 2013.	<b>Target met.</b> An action plan was developed and will be implemented by Lenovo China's CSR Team during the coming year.
<b>Product Materials</b>	Minimize use of hazardous or potentially hazardous materials.	Availability of Low Halogen Products	Transition 100% of main PCB (printed circuited boards) to halogen-free in all products released after March 31, 2013. <sup>3,4</sup>	<b>Target partially met.</b> Due to cost impacts, not all products have been converted to low-halogen PCB.
	Increase the use of Post-Consumer Recycled Plastic Content (PCC) in Lenovo Products.	% of Products w/ PCC	100% of products released after March 31, 2013, will contain at least 5% PCC relative to total plastics weight. <sup>3,5</sup>	<b>Target partially met.</b> While Lenovo continues to increase its use of PCC across all product lines, technical challenges and cost considerations have prevented reaching 5% PCC in all products.
		% PCC	Increase the percentage PCC (relative to total plastics weight) by 10% for all new products released after March 31, 2013. The percentage increase is measured relative to the previous generation of the product. <sup>6,7</sup>	<b>Target partially met.</b> While Lenovo continues to increase its use of PCC across all product lines, technical challenges and cost considerations have prevented increasing the % PCC contained in all products.

Target Type	Objective	Key Performance Indicator(s)	Target(s)	Status
Product Energy	Facilitate reductions in CO <sub>2</sub> e emissions associated with operation of products.		Establish PCF for select notebook, desktop and visual products developed during FY 2012/13. <sup>1</sup>	<b>Target met.</b>
		# of Models with Product Carbon Footprint (PCF) Established	Finalize methodology for calculating PCF for other product categories (servers, mouse, keyboard, tablet, All-in-One (AIO), mobile phone) by March 31, 2013.	<b>Target partially met.</b> Work continues on development of calculation methodologies and tools for AIO and tablets. That work is on target for completion during December 2013. Standard LCA methods will be used for the other listed products.
		% of Models ENERGY STAR® Qualified	Ensure 100% of relevant product offerings (desktop, notebook, workstation, visuals) are ENERGY STAR 5. <sup>2</sup> qualified by March 31, 2013. <sup>2,3</sup>	<b>Target met.</b>
Product Packaging	Minimize the consumption of packaging material while driving the use of environmentally sustainable materials.	Material Type Used	Increase the use of environmentally friendly packaging materials in a minimum of 12 products by December 31, 2012.	<b>Target met.</b> Implemented 100% PCC pulp cushion for all desktop models in Brazil.
		Material Type Used	Increase the package pallet density by at least 15% for two products by March 31, 2013.	<b>Target met.</b> For NZ-4 and SN-4 products, the density is increased from 63 to 80 and for DS-2 and CM-2, it is increased from 72 to 84.
		Packaging Reuse	Implement at least two innovative customer reuse applications for Lenovo product packaging.	<b>Target partially met.</b> Implemented the reusable packaging between the desktop chassis manufacturer and Lenovo.
		Packaging Size (Quantity of Material Consumed)	Reduce the quantity of packaging material used for a minimum of five products by March 31, 2013.	<b>Target met.</b> Achieved the target with Models NZ-4, SN-4, DS-2, CM-2, and ABBA.
Lenovo Site Performance	Minimize environmental impacts associated with solid waste generated from Lenovo operations and products.	Waste Intensity	Monitor and report waste intensity for all manufacturing, development and large office locations. <sup>8</sup>	<b>Target met.</b>
		% Non-Hazardous Solid Waste Recycled	Achieve a Manufacturing & Development (M&D) recycling rate > 90% (compiled global target). <sup>9</sup>	<b>Target met.</b> Lenovo's global M&D recycling rate was 90.1%.
		MWh	Energy consumption to be tracked and reported quarterly.	<b>Target met.</b>
	Monitor, manage and minimize energy consumption.	Units/kWh	Decrease energy intensity year to year. <sup>10</sup>	<b>Target met.</b> Global energy intensity dropped from 1.39 kWh/unit during FY 2011/12 to 1.26 kWh/unit produced for FY 2012/13.
			Energy reduction projects will be identified and implemented at select manufacturing, R&D and office locations.	<b>Target met.</b>
	Absolute reduction in CO <sub>2</sub> e.	Metric Tons CO <sub>2</sub> e	-13% by March 31, 2013 re: FY 2009/10	<b>Target met.</b> After factoring in the impact of Lenovo's purchases of renewable energy credits and carbon offsets, FY 2012/13 absolute emissions were approximately 14% below the base year of FY 2009/10.
			-16% by March 31, 2016 re: FY 2009/10	<b>On track to meet target.</b>
			-20% by March 31, 2020 re: FY 2009/10	<b>In progress</b>
			Manufacturing, R&D and large office locations track & report local Scope 1 & 2 CO <sub>2</sub> e emissions.	<b>Target met.</b>

Target Type	Objective	Key Performance Indicator(s)	Target(s)	Status
<b>Supplier Environmental Performance</b>	Minimize potential environmental impact of Lenovo's Category 1, 2 and 3 suppliers. <sup>11</sup>	Approved Suppliers	100% of Category 3 suppliers will be audited. <sup>12</sup>	<b>Target met.</b>
		% Spend Reporting	Drive improvement in Lenovo supply chain participation in the EICC carbon reporting program.	<b>Target met.</b> The participation increased from 80% to 95%.
<b>Transportation</b>	Manage GHG emissions associated with transportation.	Metric Tons CO <sub>2</sub> e	Monitor and report GHG emissions associated with product transport, employee business travel and employee commuting.	<b>Target met.</b>
<b>Water Consumption</b>	Monitor and drive good water management practices in the Lenovo Supply Chain.	% Spend Reporting	Drive improvement in Lenovo supply chain participation in the EICC water reporting program.	<b>Target met.</b> The participation increased from 80% to 95%.

Note 1: Applies to new releases from each Business Unit (BU) (Idea and Think). Using PAIA (product attribute impact algorithm) methodology.

Note 2: This target does not apply to products where it is not technically feasible to achieve ES 5.2 qualification.

Note 3: This target does not apply in cases where the BU can clearly demonstrate achieving the target places the Lenovo product at a large price disadvantage against its competition.

Note 4: This refers to the main Printed Circuit Board only. While Lenovo continues to strongly support low-halogen transition for all components and boards, this target does not include components on the board or peripheral boards.

Note 5: % PCC is calculated using the EPEAT methodology. This target does not apply to products where it is not technically feasible to achieve 5% PCC content.

Note 6: % PCC is calculated using the EPEAT methodology. This target does not apply to products already containing greater than 25% PCC or to applications where the use of PCC is not technically feasible.

Note 7: Applies to new platforms only. Does not apply to refreshes.

Note 8: Waste intensity is the Metric Tonnes of waste generated per unit of product produced for manufacturing sites and per employee for office sites.

Note 9: This includes all waste streams at the location (i.e., process waste, domestic waste, office waste, etc.).

Note 10: Energy intensity is the Kilowatt Hours (kWh) of electricity consumed per unit produced for manufacturing sites and kWh per employee at R&D and office sites.

Note 11: Category 1 means suppliers of off the shelf products, parts and services.

Category 2 means suppliers of products, parts and services with a Lenovo design influence.

Category 3 means suppliers providing non-hazardous and hazardous waste services (includes product take back and Asset Recovery Service).

Note 12: Audited means Lenovo or 3rd party on-site supplier facility and processes environmental evaluation has been carried out.

## 2.5 FY 2013/14 Objectives and Targets

Target Type	Objective	Key Performance Indicator(s)	Target(s)
Product energy	Drive reductions in product energy use.	Energy standard compliance	100% of newly released AIO, notebook and visual products will be qualified to the most current version of ENERGY STAR. <sup>1,2</sup>
			100% of all in scope products must meet California Battery Charging Systems (BCS) requirements.
			All newly released desktop products must use 80 Plus / ENERGY STAR qualified power supply (i.e., greater than or equal to 85% efficiency).
			Increase the percentage of DT, NB and Visual products with Energy Grade 1 of China Energy Label (CEL) where possible.
			100% of all in scope products must meet China Energy Label (CEL) minimum requirements (Grade 3). <sup>1,2</sup>
			Ensure 100% of all newly released server and workstation offerings are available in ENERGY STAR qualified configurations. <sup>1</sup>
Product materials	Quantify and reduce lifecycle CO <sub>2</sub> e emissions associated with the use of Lenovo products.	Target completion date	Publish product carbon footprint values for a typical notebook, desktop and visuals product during May 2013.
		% PCF established	Establish Product Carbon Footprint (PCF) for 100% of newly released notebook, desktop and visual products. <sup>1,11</sup>
		Task completion	Participate in Phase III of the Product Attribute to Impact Algorithm project for the development of tools to calculate the PCF of All-in-One and Tablet products.
	Minimize the use of hazardous or potentially hazardous materials and continue to increase the use of sustainable materials.	Continue to support external development of PCF methodologies and standards.	
		Task completion	Develop and implement use of Low Halogen Scorecard.
		# products with LH Scorecard	All Business Units will complete Low Halogen Scorecards prior to October 1, 2013 for all newly released products. <sup>1</sup>
		Target completion date	All Business Units will establish low halogen score improvement targets for select products by March 31, 2014.
		Product LH Score	Encourage Business Unit to inquire and use LH parts when cost is acceptable
Product end-of-life management	All products across all Business Units must contain Post-Consumer Recycled Content (PCC).	Total global PCC usage	All products need to consider and assess usage of PCC. <sup>2,3</sup>
			Maintain current PCC usage levels. <sup>3</sup>
			Increase PCC usage both in WW and China local products where possible.
			Identify new applications for PCC usage. (example: fans, keyboards, internal plastic parts).
Product end-of-life management	Ensure customer access to convenient, reliable and compliant product take back programs.	Product take back coverage	Provide take back programs in 100% of direct sales markets.



Target Type	Objective	Key Performance Indicator(s)	Target(s)
Waste management	Minimize environmental impacts associated with solid waste generated from Lenovo operations and products.	Kg non-hazardous waste / unit produced	Monitor and report waste intensity for all manufacturing, development and large office locations. <sup>4</sup>
		Tons of non-hazardous waste not land filled	All R&D, Manufacturing and large RE sites track and report landfill avoidance rate. <sup>5</sup>
		% non-hazardous waste recycled	Achieve a non-hazardous waste recycling rate for M&D > 90% (compiled global target). <sup>6</sup>
Site energy consumption	Maximize energy efficiency and minimize CO <sub>2</sub> e emissions associated with the development, manufacture and delivery of Lenovo products.	kWh / unit produced	Achieve an energy intensity rate for FY 2013/14 that is less than or equal to the FY 2012/13 rate. <sup>7</sup>
		Task completion	All R&D, manufacturing and large real estate sites track and report energy generation mix for purchased electricity and steam annually. <sup>8</sup>
Packaging and paper	Minimize the consumption of packaging material while driving the use of environmentally sustainable materials.	Target completion date	Survey suppliers to determine Forest Stewardship Council (FSC) certified and recycled content status of Lenovo fiber purchases by October 1, 2013.
		Target completion date	Set goals related to FSC and recycled content purchases of fibers used in Lenovo packaging and publications for FY14/15 by March 31, 2014.
		Tons of packaging consumed	Eliminate 300 tons of packaging material consumption thru design optimization.
		PC packaging use	Continue to increase use of 100% post-consumer packaging material globally.
		Metric Tons CO <sub>2</sub> e	Reduce airfreight costs and emissions through implementation of light weight pallet (7-8kg).
Site air emissions	Absolute reduction in CO <sub>2</sub> e emissions from Lenovo operations worldwide.	Metric Tons CO <sub>2</sub> e	Reduce CO <sub>2</sub> e emissions relative to FY 2009 as detailed below
			- 16% by 3/31/2016
			- 20% by 3/31/2020
Supplier environmental performance	Minimize potential environmental impact of Lenovo's Category 1, 2 and 3 suppliers. <sup>9</sup>	Approved suppliers	100% of Category 3 suppliers will be audited. <sup>10</sup>
Transportation	Establish the foundation for driving future reductions in Lenovo international product transport carbon emissions.	% spend included in inventory	Continue to improve Lenovo's international product transportation carbon emissions inventory.
		Task completion	Establish carbon dashboard for above-mentioned scope. Define the reduction target for above-mentioned scope.
Conflict minerals	Compliance with the Dodd-Frank Conflict Minerals Rule and customer expectations.	Target completion date	Obtain supplier due diligence information; conduct reasonable country of origin investigations by June 2013.
			Analyze responses, develop scorecard, and establish next steps by July 2013.
Supplier water management	Monitor and drive good water management practices in the Lenovo Supply Chain.	Supplier water use cubic meters	Establish water consumption baseline for Lenovo supply chain.
		Supplier compliance	Monitor the regulatory performance of members of Lenovo's supply chain in China using the Institute of Public & Environmental Affairs database. Work to ensure prompt implementation of effective solutions for issues identified through the database.

Note 1: Applies to products released after April 30, 2013.

Note 2: This target does not apply in cases where the BU can clearly demonstrate that achieving the target places the Lenovo product at a large price disadvantage against its competition.

Note 3: This target does not apply to products where the use of PCC is not technically feasible.

Note 4: Waste intensity is the MT of waste generated per unit of product produced for manufacturing sites and per employee for office sites.

Note 5: Land field avoidance rate is the metric tons of solid waste that are recycled, reused, resold, composted and / or incinerated.

Note 6: This includes all waste streams at the location (i.e., process waste, domestic waste, office waste, etc.).

Note 7: Energy intensity is the kWh of electricity consumed per unit produced for manufacturing sites and kWh per employee at R&D and office sites.

Note 8: E.g., solar, wind, hydro, coal, natural gas, fuel oil, nuclear

Note 9: Category 1 means suppliers of off the shelf products, parts and services.

Category 2 means suppliers of products, parts and services with a Lenovo design influence.

Category 3 means suppliers providing nonhazardous and hazardous waste services (includes product take back and ARS).

Note 10: Audited means Lenovo or 3rd party on-site supplier facility and processes environmental evaluation has been carried out.

Note 11: Product carbon footprint values calculated for specific products will not be externally published. They will be made available to enterprise customers upon request.



# PERFORMANCE

## 3.1 About Lenovo

## 3.2 Lenovo At-A-Glance

## 3.3 Corporate Governance

- 3.3.1 Board of Directors
- 3.3.2 Chairman and Chief Executive Officer
- 3.3.3 Communication with Shareholders and Investor Relations
- 3.3.4 Compensation Policy
- 3.3.5 Intellectual Property
- 3.3.6 Employee Code of Conduct
- 3.3.7 Public Policy

## 3.4 Lenovo Operations

- 3.4.1 Lenovo Manufacturing Operations
- 3.4.2 Lenovo Supply Chain and Procurement Operations

## 3.5 Lenovo Products

- 3.5.1 Sustainable Quality
- 3.5.2 Safety and Ergonomics

## 3.1

## About Lenovo

The Lenovo brand came into existence in 2004, but the company has a much longer history. In 1984, Legend Holdings was formed with US \$25,000 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 and now, the world. Legend Holdings changed its name to Lenovo in 2004 and, in 2005, acquired the former Personal Computer Division of IBM, the company that pioneered the PC industry in 1981.

Today, Lenovo is a US \$34 billion personal technology company, the largest PC maker worldwide, and an emerging PC Plus leader. We have 35,000 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, USA; major research centers in Yokohama, Japan; Beijing, Shanghai and Shenzhen, China; and Morrisville; and we have manufacturing facilities around the world from Whitsett, North Carolina and Monterrey, Mexico to India, China and Brazil.

Dedicated to building exceptionally engineered PCs and mobile Internet devices, we recognize that PC leadership is just one milestone in a longer journey to becoming a true leader in the PC Plus market that includes tablets, smartphones, smart TVs and other “smart connected devices.” The market and our competitors have changed significantly, but we are well positioned to win in this new era. While building on our existing competitive strengths in PCs, we are rapidly and aggressively driving growth and innovation by expanding into new form factors and device categories like smartphones, convertibles, tablets and smart TVs — as well as the cloud, services and infrastructure hardware such as storage and servers — that are powering the PC Plus era.

And we have momentum. We are now the world’s third largest maker of “smart connected devices,” a new metric that includes PCs, tablets and smartphones and that also serves as a strong indicator of our pursuit of innovation and leadership. Guided by our Protect and Attack strategy, we are driving rapid growth that is enabling Lenovo to win market share in all parts of the world.

Our ultimate goal is to use innovation to differentiate Lenovo and become not only a leading PC Plus brand, but also one of the most respected technology companies in the world.

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 takes 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 for four years running.

- We are the number one PC company worldwide
- We are the number one PC company in three of the seven largest PC markets: China, Japan and Germany
- We are the number one PC company in the world for large business and the public sector, and the number two PC company in the overall worldwide consumer market
- We are the third largest maker of “smart connected devices” worldwide, and are ranked the world’s number four smartphone supplier
- We are expanding our family of tablets targeting both the consumer and commercial markets internationally
- We will continue to aggressively expand our smartphone reach in emerging markets, and begin to introduce smartphones in mature markets within one year

Our unique end-to-end business model provides us with greater control over the products we develop, manufacture and bring to market to ensure we continuously create innovative, reliable, high-quality, secure and easy-to-use technology products and services for customers who want technology that does more. 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 convertible devices, tablets, smartphones and smart TVs.



By continuing to focus on our formula for success — a clear strategy, innovative products, great execution and a diverse global team — we are confident that we can continue to drive profitable growth in our core business, and achieve the same success, over time, in the fast-growing PC Plus marketplace.

And we want to do it the Lenovo Way, based on a shared set of values — commitment and ownership — that drive us to create innovative technology for those who view technology as a tool to accomplish great things.

## OUR VALUES

At Lenovo we view our culture as a critical asset that's every bit 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 we own what we do.

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

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

## OUR HERITAGE

Lenovo became a global company with the acquisition of the IBM Personal Computing Division in 2005. The move was heralded as a watershed event in global business with the potential for integrating two disparate cultures, languages, processes and markets.

While proud of our Chinese heritage, we also embrace the heritages of all the countries where we have acquired companies, including the United States, as well as Japan, Brazil and Germany. Our leadership team is diverse — comprising seven nationalities among our top 10 executives and 17 among our top 100 executives.

As Lenovo expands globally, we are establishing even deeper roots in each major market in which we operate. We hire top local talent to operate our businesses in key markets around the world. In these key markets we invest not only in sales and distribution, but also in local domestic manufacturing, R&D, marketing and other high-value functions. This global reach with local excellence is enabling us to build a new kind of company — a “global-local” company — and positions us to more deeply implement our Protect and Attack strategy and build the foundation for long-term success.

## INNOVATION: A CORE VALUE

Innovation is in our DNA. Lenovo's commitment to innovation continues to deliver the best products in the industry, and is at the heart of our business as a personal technology company. We will continue to leverage the spirit of innovation and history of our technological breakthroughs into new product categories to drive future growth. Innovation is how Lenovo achieves competitive differentiation and drives new market opportunities within the PC Plus market. We are now investing more than ever in innovation that sets the standard for quality, reliability, style and speed.

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

The key to Lenovo's success is the ability to strike the right balance between innovation and efficiency:

- Efficiency gives us more resources for innovation, and innovation drives higher margins and better efficiency
- We continue to invest in our end-to-end business model by enhancing and growing vertical integration to drive innovation and optimal efficiency

The company is rich in talent, employing more than 3,500 engineers, researchers and scientists. Lenovo's R&D teams have introduced many industry firsts supported by a track record of innovation — including nearly 6,000 patents for the invention of new technology. Last year alone, Lenovo registered over 1,000 new patents globally.



Acquisitions, collaboration with industry associations, and investments in research and development — even during 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 and sustainable solutions ranging from climate and energy to environmentally-conscious products, education and employee volunteerism.

## OUR COMMITMENT TO CORPORATE CITIZENSHIP

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 life cycle, 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 that 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, as well as product life cycle 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 up to 1 percent 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 are or what the issues happen to be.



## 3.2

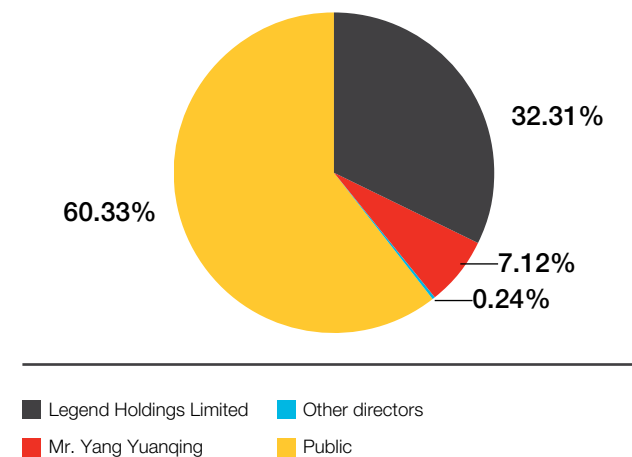
## Lenovo At-A-Glance

**LENOVO GROUP LIMITED**

Lenovo is a US \$34 billion global Fortune 500 personal technology company — the top PC maker in the world and an emerging PC Plus leader. Founded in Beijing in 1984, Lenovo is dedicated to exceptionally engineered PCs and mobile Internet devices. Lenovo's business is built on product innovation, a highly-efficient global supply chain and strong strategic execution. Formed by Lenovo Group's acquisition of the former IBM Personal Computing Division, the Company develops, manufactures and markets reliable, high-quality, secure and easy-to-use technology products and services. Its 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 smartphones.

**Incorporated**

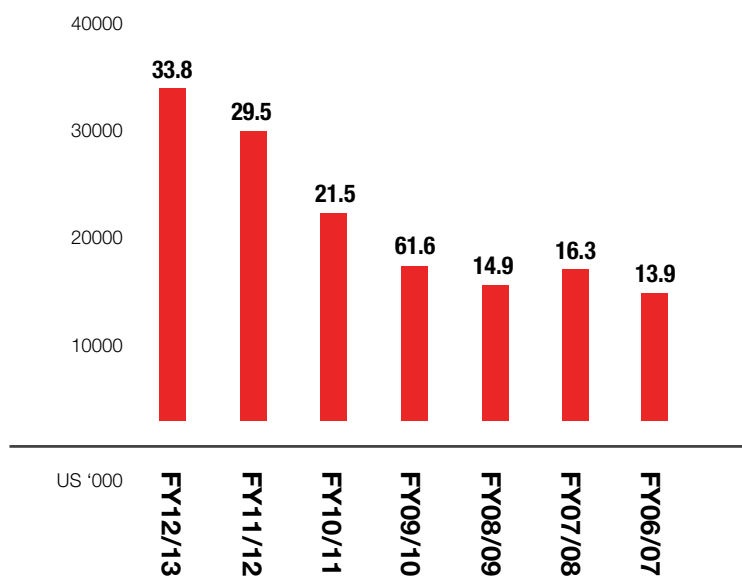
- Hong Kong, 1988
- Listed on the Stock Exchange of Hong Kong since February 1994 (Stock code: 992)
- Issued Level I American Depositary Receipts (ADRs) in March 1995 (Stock code: LNVGY)
- Chairman and CEO: Yang Yuanqing

**Lenovo's Ownership Structure****Figure 3.1 Shareholding Structure as of March 31, 2013**

## Acquisitions/Joint Ventures

Lenovo completed several key M&A and joint venture activities during FY 2012/13: CCE in Brazil, for consumer technology products; EMC in the US in servers and storage; and Stoneware in the US in cloud computing.

**Figure 3.2 Net Sales**

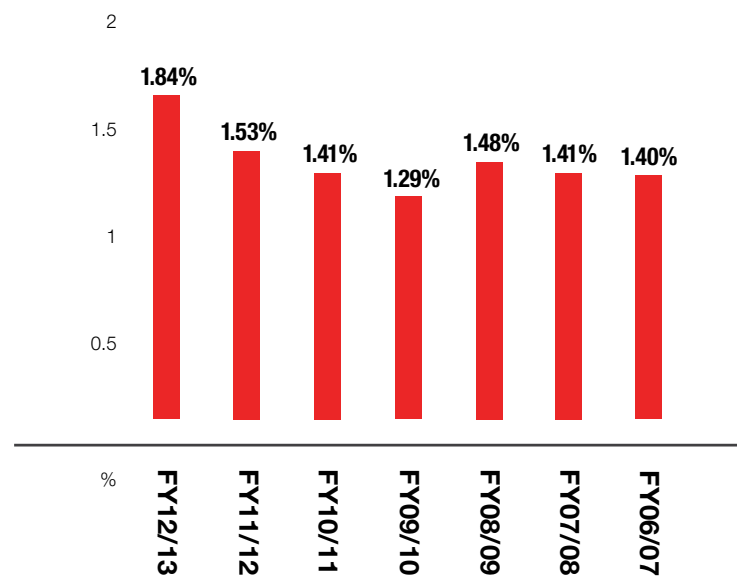


## Lenovo Products

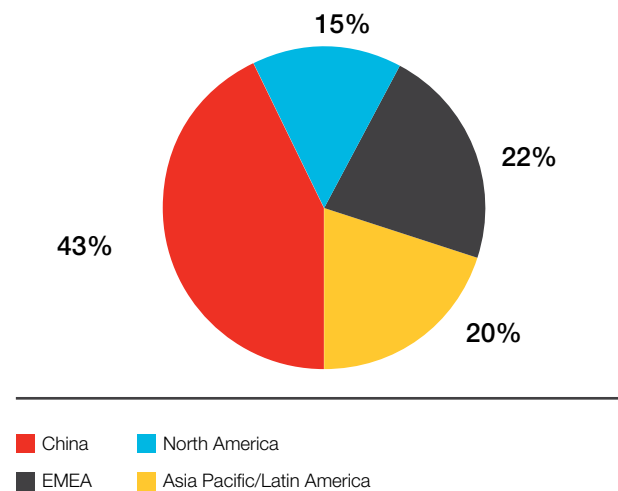
ThinkPad®  
ThinkPad Edge  
ThinkPad Helix  
ThinkPad Twist  
ThinkCentre®  
ThinkStation®  
ThinkServer®  
ThinkVision®

IdeaPad®  
IdeaPad Yoga  
IdeaCentre®  
IdeaTab™  
IdeaTab Lynx  
Essential  
Eraser  
LenovoEMC Storage

**Figure 3.3 R&D Expenses as Percent of Sales**



**Figure 3.4 Sales by Region**





## 3.3 Corporate Governance

Responsible and ethical governance is the foundation of a sustainable company. Lenovo provides detailed information about its governance structure, policies and performance on pages 36-65 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. 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. The Company regularly reviews its corporate governance system to ensure it is in line with international and local best practices.

Throughout the year ended March 31, 2013, the Company has complied with the 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 or she is materially interested.

### 3.3.1 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. Management is responsible for the daily operations of the Company under the leadership of the Chief Executive Officer (“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 March 31, 2013, there were eleven Board members including one executive director, four non-executive directors and six independent non-executive directors. The biographies and responsibilities of directors and senior management are set out in the **Annual Report**, pages 96-99.

The Company has established three Board Committees: the Audit Committee, Compensation Committee, and Nomination and Governance Committee. Each Board Committee has defined terms of responsibility, 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 49-53.

### 3.3.2 CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Chairman leads the Board in the determination of its strategy and in the achievement of its objectives, and ensures that all directors are properly briefed on issues arising at Board meetings and receive adequate, complete and reliable information in a timely manner. 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. Both the Chairman and CEO positions are currently held by Mr. Yang. The Board believes that the current governance structure, with a combined Chairman and CEO and a vast majority of non-executive directors, provides an effective balance of power and authority for the management of the Company in the best interests of the Company at its present stage.



### 3.3.3 COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company is committed to safeguarding our 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 Hong Kong 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 developments. During the fiscal year 2012/13, the Company's senior management team presented its annual and quarterly earnings results through webcasts and physical meetings to communicate with shareholders, investors and analysts. Through various investor relations activities such as analyst briefings, conference calls and global investor roadshows, the senior management team presented and communicated with investors and analysts on the Company's strategy and developments.

Further information about Lenovo's 2012 Annual General Meeting and investor relations activities is available in the **Annual Report** at pages 58-62.

### 3.3.4 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- and PC-focused enterprises.

### 3.3.5 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 and abide by licenses or other permissions as appropriate and as required.

### 3.3.6 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. All employees undergo a training program to promote further understanding and compliance with the Code.

### 3.3.7 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 requires its employees to be truthful and accurate in all communication with all government authorities. The Company 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 stakeholders.

## 3.4

## Lenovo Operations

Lenovo focuses on sustainability across our manufacturing and supply chain organizations, with key program owners in our manufacturing, logistics and procurement departments. The team also fully supports corporate environmental and sustainability program efforts for green and efficient products, corporate greenhouse gas emissions reductions, avoidance of hazardous substances, reporting transparency, post-consumer content use and policy development.



Lenovo Pondicherry, India manufacturing facility

- Lenovo's manufacturing organization ensures compliance with the Electronic Industry Citizenship Coalition (EICC) Code of Conduct and all applicable regulations, with a specific focus on occupational health & safety at our production facilities. Details on our sustainability manufacturing programs are included below.
- Lenovo's logistics organization is focused on increasing environmentally preferable shipping methods, reducing carrier greenhouse gas emissions and engaging external and regulatory agencies to pursue continual improvement actions. Details on our successful carbon reductions initiatives are included in section **5.2.8.2 GHG Emissions Performance**.
- Lenovo's procurement organization has standard programs covering supplier contractual stipulations and performance, environmental risk management and auditing, EICC Code of Conduct compliance, hazardous substance avoidance, greenhouse gas emissions transparency and reduction, and conflict minerals avoidance. Details on these activities are included below.

## 3.4.1 LENOVO MANUFACTURING OPERATIONS

All Lenovo global manufacturing locations are ISO 9001 (Quality), ISO 14001 (Environmental) and OHSAS 18001 (Health and Safety) certified. As required by these globally accepted standards, aggressive objectives and targets are being implemented at each Lenovo manufacturing facility to ensure ongoing continual improvement and a safe and healthy work environment for our employees.

Lenovo has been an active and ongoing member of the **EICC** since 2006. We have implemented the EICC Code of Conduct internally in our own operations and externally with our suppliers. We conduct regular occupational health, safety and environmental assessments at all internal global manufacturing locations to ensure high levels of regulatory and external management systems compliance, and to ensure that our commitment to social responsibility is continually improving.

We have completed independent EICC audits on our seven manufacturing facilities in China, Mexico and India. Overall results were rated strong by the third-party auditing organization and prompt corrective action was taken on identified improvement opportunities.

In addition, global supply chain (GSC) manufacturing assessments are regularly conducted at our top outsourcing manufacturing suppliers to validate the effectiveness of our suppliers' management systems and to ensure a high level of regulatory compliance and safety performance.

## 3.4.2 LENOVO SUPPLY CHAIN AND PROCUREMENT OPERATIONS

As a member of the **EICC**, Lenovo has implemented the EICC Code of Conduct with our suppliers. This includes the full use of EICC and Global e-Sustainability Initiative (GeSI) programs, tools and auditors. In FY 2012/13, 77 percent of our procurement spend was with EICC members. Specifically, we have had direct participation in multiple EICC activities such as team work groups (e.g., Conflict Free Smelter Initiatives, Due Diligence and Environmental Sustainability work groups), Conflict Free Conferences, and implementation of Enablon solutions for self-assessment results and carbon reporting.

### 3.4.2.1 Global Procurement

Lenovo's global procurement team is responsible for buying products such as computer parts and services. Lenovo strives to balance cost, quality, technology service and sustainability to provide the greatest value to our customers. Our Chief Procurement Officer has mandated the highest 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)).

Following is an overview of Lenovo's key sustainability-related procurement practices.

#### Contractual Stipulations

- Lenovo's standard purchase order (PO) terms and conditions stipulate supplier compliance with environmental specifications, hazardous material avoidance, ozone-depleting substance elimination, product safety, liability insurance 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.
- Our base legal contracts executed for suppliers further expand the standard PO terms, and include standard legal protections and responsibility assignments for Lenovo and the supplier. In particular, they stipulate that the supplier cannot discriminate against employees based on race, color, religion, sex, age, natural origin or any other legally protected class.

#### Supplier Performance Evaluation and Business Reviews

Lenovo's goals are to measure performance to specific criteria, to provide regular scorecard feedback and to engage suppliers in business reviews and conferences. These activities serve as the foundation for mutual discussions on improving the business relationship, standards compliance and strategic direction.

- Supplier performance is measured in key areas, including: quality, delivery/flexibility, technology, cost reduction and service. Participation in sustainability programs is included as a penalty/credit multiplier in the calculations. We issue approximately 200 supplier report cards quarterly, and suppliers not meeting standards are required to develop action plans.

One of our primary goals is to grow our business with performing suppliers and to reduce business with less-performing suppliers. We also encourage suppliers to provide Lenovo with assessments of our performance as a customer.

- Monthly tracking is performed to ensure timely execution of supplier report cards, and compliance testing is conducted semiannually to ensure conformance to process standards.
- We engage suppliers tactically through quarterly business reviews where we discuss supplier operational and control performance. We engage suppliers strategically through supplier conferences, a Lenovo Supplier Advisory Council (representing the top 20+ Lenovo suppliers) and reciprocal interlocks with key executives.
- We use supplier performance report cards to drive participation in our sustainability programs. As part of the performance evaluations, suppliers are rated against a number of criteria. Suppliers' overall scores can be reduced if for example they do not have self-assessments and audits in place. Suppliers are given the opportunity for additional credit for going beyond current Lenovo supplier requirements, for example by reporting GHG emissions.
- In FY 2013/14 we plan to modify those penalties and credits to transition from EICC participation to EICC compliance results. Specifically, penalties will be applied for overall and segment performance that is less than 90 percent compliant.
- For greenhouse gas emissions, we will also apply penalties for lack of formally published reduction goals and lack of third party verification.
- Finally, for conflict minerals (see **section 4.2**), we will apply credits for due diligence participation and conflict minerals policies.

## Environmental Risk Management

As required by the Lenovo Corporate Environmental Standards policy governing supplier relationships, the procurement team identifies areas of environmental risk based on specific criteria and then conducts prescribed actions to ensure risk is mitigated. Specifically, suppliers are classified by a risk category which drives the needed actions below.

- Category 1 suppliers are those from whom Lenovo purchases off-the-shelf goods, or uses processes or services produced or offered commercially and that are consistent with the supplier's normal business activities. In these situations, we typically do not require environmental audits because Lenovo is not directing specific activities of potential environmental risk.
- Category 2 suppliers are those that may or may not present environmental risks. In these situations, Lenovo specifies raw materials, process materials and/or process methods outside the typical business activities of the supplier, or the supplier alters its normal environmental activities as a result of Lenovo's business, such as changes to its environmental controls or permits. In these cases, a preassessment is conducted to determine if formal environmental audits must occur.
- Category 3 is for suppliers who handle hazardous waste, special waste and product end-of-life management services. In these cases, approval of the Global Environment Affairs organization and environmental on-site audits are required. These suppliers also subject to additional contractual terms and conditions and semiannual activity reporting.

## EICC Compliance

We implement a full EICC compliance program with our suppliers using formal contractual agreements separate from production or service agreements and statements of work. Following are details on requirements and implementation.

### The agreements require the supplier to:

- Comply with the EICC Code of Conduct
- Self-assess annually with EICC tools (EICC-ON)
- Effectuate audits bi-annually with EICC-approved auditors
- Provide audit reports and corrective action plans
- Require their own suppliers also to comply with the Code

### Key statistics are as follows:

- At least 95 percent of our procurement spend is covered with EICC agreements
- 100 percent of targeted suppliers had executed agreements in place
- At least 95 percent of Lenovo suppliers are completing self-assessments on time
- At least 93 percent of suppliers are completing their audits on time
- No audits to date have resulted in any zero tolerance or high priority findings
- Compliance has improved 9 percent from the previous round of audits to current round of audits
- Average major findings were reduced from 15 to five findings per audit

We also determined that Lenovo's base EICC program covered portions of our recently merged and acquired companies. Specifically, 96 percent of NEC procurement spend, 57 percent of Medion's spend and 25 percent of MIDH's procurement spend is covered by Lenovo's program. Also, Medion has a fully separate supplier sustainability program, based on the Business Social Compliance Initiative (BSCI) program.

## 3.5

## Lenovo Products

We are entering a new era in technology — we call it PC Plus. While PCs are central to the digital lives of millions of people and businesses, there are many new devices emerging on the world scene. They offer different experiences and applications, but all share the “heart” of a PC. Lenovo will continue to drive growth and innovation in PCs while expanding our business across the four screens (PC, tablet, smartphone, smart TV) of devices and into the ecosystem of cloud, services and other applications that make up the PC Plus market.

As we look ahead to what’s next, the core of our strategy remains the same — delivering innovative, quality products that are expertly engineered to meet technological needs today and tomorrow.

### 3.5.1 SUSTAINABLE QUALITY

Lenovo has a well-earned industry reputation for delivering superior quality products and is committed to ensuring that its products are safe throughout their life cycle. Lenovo relies on the principles of Product Life Cycle Assessment to ensure that every stage of the product’s life is taken into consideration, including manufacturing, transportation, installation, use, service, and recycling. This enables Lenovo to gain deep insight into opportunities for risk and cost minimization as well as insight into new opportunities for enhancing and increasing product marketability to meet the preferences of an increasingly informed public.

Corporate strategies, policies and guidelines have been designed to support Lenovo’s commitment to product safety. Lenovo strives to ensure that our products meet all applicable legal requirements as well as voluntary safety and ergonomics practices to which Lenovo subscribes wherever our products are sold.

Lenovo’s global Quality Management System, which has earned 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 according to the highest caliber of workmanship and customer satisfaction. This framework comprises the entire span of product and service delivery, including the purchase of raw materials or components,

contract review, quality control, product inspection, design, 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.

Lenovo’s commitment to quality ensures a sustainable business for ourselves and our customers. Because our products are reliable, Lenovo customers are able to trust us with their business. By keeping that trust, we maintain a competitive advantage and ensure our continued success.

To maintain this quality level, Lenovo employs an active closed-loop process with various feedback mechanisms. These feedback mechanisms provide quick resolution of customer issues. We also perform root cause analysis and feed the results back into manufacturing, development and test organizations so that the next products do not exhibit the same failures. Reliability is also good for the environment.

Because Lenovo products fail less often and have a longer lifespan, fewer resources are required for their upkeep and end-of-life management.

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 the technology industry’s top engineers, to create a powerful global company focused on exceptionally



Lenovo Research Center in Beijing, China



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 Research Center in Morrisville, NC, US

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. In 2012, Lenovo's Quality Month was themed "Sustainable Quality" to further align our commitments to sustainability and quality.

Lenovo's Corporate Quality Policy is available at: <http://www.lenovo.com/quality>.

## Customer-Focused Testing

Once the product development phase is completed, Lenovo products undergo a series of customer-driven tests prior to production. Testing includes 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. Additionally, extended customer simulation tests are conducted on a sample basis with various configurations of product options and software. The 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 on-site installations for customers.

During and after the installation, there is ongoing dialogue between the customer and Lenovo to ensure timely feedback on installation progress. This allows corrections to be quickly put in place, and for the team to pre-empt potential issues. Our methods have proven to be highly advantageous during new product releases, as potential issues can be promptly addressed to minimize the impact on all customers.

## 3.5.2 SAFETY AND ERGONOMICS

Lenovo is committed to ensuring that our products are safe throughout their life cycle, 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, as well as voluntary safety and ergonomics practices to which Lenovo subscribes wherever we sell products
- Select suppliers that demonstrate a similar commitment to safety
- 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
- Report on safety initiatives and incidents to senior executive management

The following table shows the product life cycle stages in which health and safety impacts of products are assessed for improvement. All significant Lenovo products are subject to these assessments.

**Figure 3.5 Hardware Safety Assessment Requirements at Life Cycle Points**

Point in Product Life Cycle	Hardware Safety Assessed?
Development of product concept	No <sup>1</sup>
R&D	Yes
Certification	Yes
Manufacturing and production	Yes
Marketing and promotion	No <sup>2</sup>
Storage distribution and supply	Yes
Use and service	Yes
Disposal, reuse or recycling	Yes

<sup>1</sup> Too early at this stage

<sup>2</sup> 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.

Lenovo promptly investigates and responds to any potential safety or quality issue associated with our products. In March of 2012, in cooperation with the US Consumer Product Safety Commission (CPSC), Lenovo voluntarily recalled 160,000 ThinkCentre M70z and ThinkCentre M90z All-in-One (AIO) desktop PCs worldwide sold between May 2011 and January 2012, due to a potential power supply failure. Lenovo took immediate action and offered free power supply replacements for all affected ThinkCentre M90z and ThinkCentre M70z All-in-One desktop PCs.

**Click here** link for information about the aforementioned and past Lenovo product recalls.

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

Lenovo products comply with the laws and regulations in each country to which we ship. Lenovo products are designed, tested and approved to meet worldwide standards for product safety, electromagnetic compatibility, ergonomics and other regulatory requirements, when used for their intended purpose. For more information, **click on this link:** Lenovo Compliance Information (or go to <http://www.lenovo.com/compliance>).

# PEOPLE

## 4.1 Lenovo Employees

- 4.1.1 Our Culture and People
- 4.1.2 Labor Practices and Human Rights
- 4.1.3 Compensation, Performance and Recognition
- 4.1.4 Global Benefits
- 4.1.5 Employee Development and Training
- 4.1.6 Employee Communications
- 4.1.7 Diversity
- 4.1.8 Employee Retention
- 4.1.9 Privacy
- 4.1.10 Ethics and Compliance
- 4.1.11 Occupational Health and Safety

## 4.2 Human Rights in Lenovo's Supply Chain

## 4.3 Investments in People

- 4.3.1 Commitment
- 4.3.2 Next Generation Hope Fund
- 4.3.3 Global Disaster Assistance
- 4.3.4 Community Outreach, Collaborations and Partnerships



## 4.1

## Lenovo Employees

Lenovo's people represent a cross-section of the world. We embody the best talent, minds, creativity, determination and commitment to making the best products, providing the best services, and developing cutting-edge skills. Lenovo is committed to using its position as a new-world company to bridge emerging and developed markets with significant investments and employee opportunities.

## 4.1.1 OUR CULTURE AND PEOPLE

## Our Culture

Our culture defines us ... it's our DNA. We call it the Lenovo Way — it's the values we share and the business practices we deploy. It's how we address our day-to-day commitments.

The Lenovo Way is embodied in the statement: **"We do what we say and we own what we do."**

This culture also drives how we work every day, through what we call the 5 Ps:

We **PLAN** before we pledge.

We **PERFORM** as we promise.

We **PRIORITIZE** the company first.

We **PRACTICE** improving every day.

We **PIONEER** new ideas.

Our culture is what has enabled us to consistently raise the bar on delivering break-through innovations, award-winning designs and strong financial performance.

## Our People

At Lenovo, our people share a common aspiration to be the very best. Whether serving our customers, working together as a team, or contributing to the community, we are working to build a unique company delivering unparalleled products created and supported by people who represent a wealth of cultures and experiences. Our strength lies in this diversity. And every day, on every project, we are creating a better place for inclusion and respect for others. We are dedicated to fostering an environment that encourages entrepreneurship and ownership. A workplace where people's talents can be challenged and their results recognized and rewarded.



Lenovo employees at North Carolina, USA Kickoff Meeting

## 4.1.2 LABOR PRACTICES AND HUMAN RIGHTS

Lenovo's human resource policies strictly comply with labor laws and government regulations and also provide competitive rewards, equity policies and development opportunities. Lenovo's labor policies apply to all operations and locations globally.

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 Diversity and Nondiscrimination Policy (or go to <http://www.lenovo.com/CSRPolicies> and follow the link from there).

Lenovo is an Affirmative Action — Equal Opportunity Employer. **Click here** for Lenovo's Equal Employment Opportunity and Affirmative Action Policy Statement (or go to <http://www.lenovo.com/CSRPolicies> and follow the link from there).

Lenovo is signatory to the United Nations Global Compact (UNGC). Lenovo joined in 2009 with a letter committing itself to the Compact's Ten Principles and to submitting an annual Communication on Progress, reaffirming its commitment, each year. As signatory to the UNGC, Lenovo joins other signatories in affirming the labor principles including:

- **Principle 3** – businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- **Principle 4** – the elimination of all forms of forced and compulsory labor;
- **Principle 5** – the effective abolition of child labor; and
- **Principle 6** – the elimination of discrimination in respect of employment and occupation.

Lenovo's labor practices include but are not limited to the following:

- Lenovo complies with laws relating to child labor in every jurisdiction in which we operate and also, as a participant in the UN Global Compact, to the principles set forth in the International Labour Organization Child Labour Conventions.
- Lenovo does not discriminate against candidates with disabilities.
- Direct laborers are offered competitive total rewards including base pay, performance bonus and other cash allowances. No Lenovo employee is paid less than the minimum wage specified by the government.
- Overtime is paid to direct laborers according to government regulations. An internal overtime control process is in place to ensure a healthy work environment.
- Social insurance is enrolled for each direct laborer, which includes pension, injury insurance, unemployment insurance, medical insurance and maternity insurance.
- Lenovo also offers annual leave, a department activity fund and an employee club to enable direct laborers to enjoy a good work - life balance.

Lenovo is also a member of the Electronic Industry Citizenship Coalition (EICC) and is an adherent to the EICC Code of Conduct ([click here](#)) with respect to our own operations as well as that of our supply chain.

### 4.1.3 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 balance, 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 — our people.

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.



Lenovo employees working on the manufacturing line at the US Fulfillment Center (USFC) in Whitsett, North Carolina, USA

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 competitive wages, we have a comprehensive and globally consistent performance management and bonus program that we call the P3 Program. P3 stands for Priorities, Performance and Pay and is closely aligned to The Lenovo Way, the touchstone of our company culture that focuses us on delivering on our commitments and taking ownership in everything we do.

Lenovo's performance management system is critical, as our success depends on how well each of us achieves our individual goals and contributes to the company's strategic objectives. The P3 program is the means by which all Lenovo employees worldwide set their goals for the year, receive feedback on their performance and development needs, get evaluated on their performance,



and, if eligible, receive a performance bonus payment. Sales employees and executives are formally assessed annually and non-sales employees are formally assessed semiannually. In addition to annual formal assessments, sales employees also receive quarterly reviews. While formal assessments occur once or twice a year for all employees, managers are expected to provide ongoing feedback to their employees throughout the year.

Completion of employee performance reviews is formally tracked at the end of the performance review cycle to ensure each employee has received a performance review according to protocol.

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, to reinforce frequent and continuous recognition of successful collaborative efforts and exceptional performance within their organizations.

Lenovo's compensation programs are designed to provide market-competitive compensation that will attract, motivate and retain talent:

- Base pay makes up an important part of an employee's total cash opportunity at Lenovo; it reflects the value of the job in the marketplace, performance and the value of individual contribution to the Company.
- Short-term incentive plans (including sales compensation) — These plans reward employees on overall corporate or team performance, while recognizing both individual performance and potential.
- Long-term incentive plans — These plans are specifically targeted to executives; however, top-performing, high-potential employees may also be eligible.

#### 4.1.4 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 intended 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:

- Position Lenovo competitively within the local marketplace
- Align with and support Lenovo business and cultural strategy
- Emphasize 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 and Wellness Benefits

Private health benefits such as medical, dental and vision care 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 a comprehensive benefits package. 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, was re-launched in 2012. The wellness and incentive program in the US includes a health risk assessment and biometric screenings, health coaching, expanded nutrition and fitness tools, wellness seminars and other educational content, an incentive structure designed to drive program participation and outcomes, and a free employee membership in Lenovo's PowerUp fitness facility located at the Morrisville, North Carolina campus.

Lenovo currently offers a variety of wellness programs around the world, including fitness facility discounts, employee assistance programs, health coaching, stress and lifestyle management programs, medical consulting and screening services and access to health educational material. Informational

resources are made available globally to assist employees on wellness matters and disease prevention. To ensure successful 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. As dictated by these procedures, health and safety information/requirements are available and shared with employees and non-employees as needed. Lenovo's long-term wellness goals include the evolution of its wellness brand and related programs globally, under one comprehensive umbrella.

### 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.

## 4.1.5 EMPLOYEE DEVELOPMENT AND TRAINING

Lenovo is committed to its investment in talent development and has a robust and systematic approach to employee, manager and executive development. Lenovo's development agenda is targeted at building the capabilities of our people and our organization through three primary ways:

1. **THROUGH EXPERIENCES ON THE JOB** — learning while doing. This is how 70 percent of all learning occurs.
2. **THROUGH COLLEAGUE RELATIONSHIPS AT LENOVO** — mentors, guides, coaches, managers. Employees learn through their successes, failures, guidance and advice. This is how 20 percent of learning occurs.
3. **THROUGH EDUCATION** — formal training in the classroom or online that teaches key principles and skills. This is how 10 percent of learning occurs.

Our systematic approach combines all three methods to maximize learning. It includes formal employee and leadership education programs, targeted people planning and international rotations, Global Leadership Project Teams, Women in Lenovo Leadership Forums, formal executive coaching networks, informal mentor programs, 360-degree feedback processes and a variety of additional assessment and development tools.

### Lenovo University

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

There are many formal learning and development opportunities at Lenovo. We create opportunities internally and encourage our employees to seek opportunities externally when appropriate as well. Internal programs include both technical and soft-skills development. We offer more than 100 different training courses on our "Lenovo University" e-learning database.

Lenovo's training includes regular mandatory online training courses for all global employees on "Code of Conduct" and compliance subjects.

## EMPLOYEE ENVIRONMENTAL AWARENESS

Lenovo sites in Beijing, Shanghai and Chengdu, China and Pondicherry, India celebrated the World Environmental Day on June 5, 2012. The theme of the day was: **"I am living green, how about you?"** The celebration included environmentally-friendly activities such as biking to work, not using elevators for a day, planting trees, protection of endangered species, watching environment-related movies or pledging commitments to environmental protection.



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

All Lenovo employees receive ongoing training in areas such as culture, compliance, information security, and performance management throughout the year. All employees have career discussions at least annually.

## Mentoring

Lenovo encourages mentoring relationships. They 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 two online courses: "Mentoring: Identifying Your Goals" and "Mentoring: Developing Relationships." Both courses include a simulation.

## Orientation & Training

New Lenovo employees attend a new employee orientation program. This program introduces new employees to a wide variety of topics including Lenovo's history and culture, diversity, business policies and practices as well as the tools and resources available to employees.

Lenovo encourages cross-cultural development by means of diverse experiences. Development is strengthened by the frequency and quality of the career-focused discussions that employees have with their managers. The management development 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.

Employees are encouraged to take ownership of their careers and utilize a mix of work experiences, education and relationship building to aid in their growth, development and upward movement.

## Succession Planning

Lenovo has an established succession planning process along with the overall organization and human resources planning process. The top-down pipeline process enables us to optimize the organizational structure and ensure a strong talent bench at every level. The succession planning process gives our business leaders visibility to key internal talent and a clear picture of their progress and development needs.

### 4.1.6 EMPLOYEE COMMUNICATIONS

Lenovo actively fosters open communication among employees — as well as communication between employees and the company — in several ways.

#### Meetings

To help make our employees effective and informed “brand ambassadors,” Lenovo holds regular “All Hands” meetings in each of its business units and functions, typically on a quarterly basis. Employees attend in person when possible, with remote participation enabled through a combination of Web stream and conference calls. These meetings feature ample opportunities for employees to ask questions, interact with each other and their senior leaders, and hear the latest on Lenovo’s strategy and mission. Guest speakers help employees deepen their knowledge about other areas of the company. Meetings are recorded for later playback to ensure employees can review anything they may have missed. Lenovo’s “All Hands” meetings help ensure that our employees are fully informed on the strategic direction of the company and that they have first-hand access to our senior leaders.

#### Lenovo Listens Employee Engagement Survey

Lenovo seeks the insights of its employees worldwide through its Lenovo Listens employee engagement survey. This survey is designed to gain insight on how Lenovo employees view their jobs, their management, their teams, their rewards, and the company as a whole. This resulting insight can ultimately be tied to several important outcomes, including employee retention, business performance, and customer satisfaction. Lenovo Listens is also designed to measure the adoption of Lenovo’s corporate culture, identified as the Lenovo

Way. The Lenovo Way provides a set of common principles that guides every employee’s day-to-day commitments and ownership of their work.

Lenovo analyzes the data from the survey and encourages meaningful action planning to address any areas of concern. The 2012 Lenovo Listens survey, which boasted an incredible 94 percent participation rate (up from 84 percent in 2011), showed that Lenovo employees are proud and see the positive impact their work has on customer satisfaction. There is an internal atmosphere of cooperation and accountability. Managers provide clarity by being available to employees who have questions. Scores on all 2012 survey items improved from the previous year, most notably relating to positive perceptions of management, direction from managers, pay-for-performance, and employee growth and development.

Lenovo conducts post-survey focus groups to better understand employees’ input and drive action planning at the management and corporate level for continuous improvement.

As a result of the 2012 survey feedback, over 1,200 managers created action plans to continue improving the workplace. Additionally, the worldwide executive task forces that were created following the 2011 survey remain a focus for enhancing both innovation capabilities and operational efficiencies around the world.

These efforts will help Lenovo not only continue to win in PCs, but also prepare us to compete effectively in the PC Plus era.

#### Office of the Ombudsman

Lenovo is committed to the well-being of all employees and expects that decisions made regarding the management of the company, and our people reflect Lenovo’s core values and business conduct expectations. This commitment is demonstrated by the establishment of the office of the Lenovo Ombudsman.

Lenovo recognizes that regardless of efforts made to administer processes fairly, and consistent with our values, there may be occasions when formal channels for the resolution of problems and issues may not adequately address the concerns of an individual. Lenovo also recognizes that sometimes employees are unsure how to address issues of concern and would just like to have a confidential and off-the-record conversation with a knowledgeable person.

In these instances, the Ombudsman serves as a designated resource who is independent of the formal management structure, and available to all employees for a confidential and off-the-record discussion.

The Office of the Ombudsman was created to be an independent, confidential, neutral resource. The Ombudsman is neither an employee advocate nor a member of management, but rather a representative to foster a fair process and problem resolution. The Ombudsman, as a thought partner, can help employees by providing information and guidance on how they can address and resolve problems. The Ombudsman also helps Lenovo with risk management by identifying systemic issues and areas for possible change without breaching the confidentiality of individual employee communication.

Meeting with the Ombudsman is voluntary, but employees who do consult with the Ombudsman are understood to have agreed to abide by the principles of independence, neutrality, informality and confidentiality upon which the Office was established and not call the Ombudsman to testify in formal or legal proceedings about confidential communications with the Office.

As part of an ongoing, systematic, company-wide employee outreach process, the Lenovo Ombudsman schedules site visits to every major Lenovo location at least once during the calendar year. Through listening, coaching, and discussion, the Ombudsman provides confidential and informal assistance and options to help employees resolve their issues. Examples of the types of issues employees may discuss with the Ombudsman include, but are not limited to: interpersonal conflict and misunderstandings that occur among colleagues; business conduct violations; security matters; perceived unfair treatment or harassment; job performance; or any behavior that is inconsistent with Lenovo policies, local practices or values.

The mandate of the Ombudsman role is an advocate for the resolution of problems and for fair and equitable process. All discussions with the Lenovo Ombudsman are considered off the record and held in strict confidence unless, in the course of the conversation, permission is given to the Ombudsman to make a disclosure. The only other exception is when the Ombudsman determines that there is imminent risk of serious harm to an individual or the company, and that disclosure is necessary. Interpreters are available in all languages.

The Ombudsman Program is based on four principles established by the International Ombudsman Association (IOA) Code of Ethics and Standards of Practice. The principles are:

**Independence:** The Ombudsman has access to the senior management team and the board of directors. The role is independent of the Company's formal management structure and the Ombudsman is not authorized to receive notice of claims against Lenovo. In this way, it offers an "informal and independent channel" for employees to talk freely without worry of interference or that "official notice" of the exchange will be reported or lead to further action.

**Confidentiality:** All conversations with the Ombudsman are considered confidential and off the record unless permission is given to the Ombudsman during the course of conversation to make disclosure. The only other exception to confidentiality is if the Ombudsman determines that there is an imminent threat of serious harm to an individual or the company and disclosure is necessary. No permanent records are kept of confidential communication.

**Impartiality/Neutrality:** The Ombudsman is neither a representative of management nor an employee advocate. Rather, the Ombudsman is nonpartisan, open-minded and unbiased and does not make decisions, conduct investigations or set policy for the company.

**Informality:** Because the Ombudsman is not a member of the company's formal management structure, the Ombudsman does not participate in any formal adjudicative or administrative procedure related to concerns.



#### 4.1.7 DIVERSITY

As a global company with a rich heritage of Eastern and Western cultures, 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 its corporate policies on the company's core values: customer service, an 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.

##### 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
- Gina Qiao, SVP — Human Resources, serves as executive sponsor of Women In Lenovo Leadership (WILL), Lenovo's global women's initiative
- Yolanda Conyers, VP — Human Resources, serves as Lenovo's Chief Diversity Officer

##### Key Diversity 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 women's growth in and contribution to the company.
- WILL leverages the knowledge and skills of internal leaders and partnerships with external organizations such as Women in Technology International (WITI), Working Mothers Media, colleges and universities to provide events, programs and initiatives that promote the development of Lenovo women.

- WILL has regional leaders in Australia/New Zealand, Brazil, Canada, China, France, Mexico, Western Europe, UK, India, Japan, South Africa and the United States. These leaders provide developmental activities based on the interests and needs of women in their region.
- Examples of WILL activities include:
  - Partnership and participation with The Women's Forum for Economy and Society in Deauville, France. This is the sixth consecutive year for this partnership. Since its inception, the Women's Forum has done much to promote and give credibility to women entrepreneurs and executives from Europe to Asia.
  - Participation in IT Diversity Forums in Western Europe.
  - Participation in the Cercles InterElles Conférence in France. This networking conference provides the opportunity for women to analyze factors that contribute to success and identify and address obstacles and barriers they may face.
  - Sponsoring global events such as panel discussions, community activities and networking events.
  - Hosting global executive roundtables to expose women to successful leaders in the company.
  - The "Fran O'Sullivan WILL Scholarship" program was initiated in 2010. Women attending any US accredited college with a declared major in math, science or engineering are eligible to receive this \$5,000 scholarship.

Additionally, Lenovo provides the opportunity for selected women employees to attend a professional development luncheon workshop hosted each quarter by the Knowledgeable Network of Women (KNOW), Morrisville Chamber of Commerce, in North Carolina.

###### Gay, Lesbian, Bisexual and Transgender Activities

- Lenovo employees attend and participate in various gay, lesbian, bisexual and transgender (GLBT) events such as the International Advisory Board of "Out and Equal — Workplace Advocates," the "Workplace Pride Platform" conference in Amsterdam, and the "Out and Equal Workplace Summit" in London. These events focus both on personal matters and business development.

#### 4.1.8 EMPLOYEE RETENTION

To ensure retention of key talent, Lenovo uses the following strategies and programs:

- Conducts global employee engagement survey (Lenovo Listens) to help identify opportunities to reduce the loss of key talent
- Leverages compensation programs such as long-term incentive stock-based awards and recognition to help retain key talent
- Ensures pay (base and incentive) is differentiated so top performers are paid on par with peers in the marketplace

In cases where key, critical talent have opportunities outside Lenovo, the company takes specific 'critical save' actions in an effort to retain these employees.

The Lenovo population comprises regular (permanent) employees, supplemental (temporary) employees, and contract workers. From time-to-time, the senior leadership makes a business decision to move work from one country or region to another in support of the business strategy and objectives. When these decisions are made, great care is taken to ensure affected employees and non-employees alike are provided with notice as required by local and/or country laws. Employees are provided with severance packages and career and training assistance where possible, and as required by local/country laws.

#### 4.1.9 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 (or go to <http://www.lenovo.com/CSRPolicies> and follow the link from there).

#### 4.1.10 ETHICS AND COMPLIANCE

Lenovo has a global ethics and compliance program, which is guided by our Code of Conduct. The company'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 program promotes an organizational culture that encourages the highest ethical standards of business conduct and a commitment to compliance with the law.

The Ethics and Compliance Office is committed to raising awareness about the importance of ethics and compliance in the workplace and plays a critical role in providing employees with the guidance, resources, and information they need to make informed and appropriate choices and decisions. With these systems in place, we describe clear expectations for employees and hold them accountable for their behavior.

Our Code of Conduct helps to ensure that employees understand the company's expectations. The Code applies to all employees worldwide and is an integral part of our ethics and compliance program. The Code also demonstrates Lenovo's commitment to a culture of uncompromising integrity and assists employees so that they can make well-informed decisions. In addition, the Code helps employees determine when to seek advice and where to obtain it.

In keeping with best practices, Lenovo has also developed and implemented an Anti-Bribery and Anti-Corruption Policy, which reinforces the Code of Conduct and provides additional specific guidance regarding compliance with rules and laws related to bribery and corruption. All Lenovo employees are required to comply with all policies and the Code, which is available in seven languages and is accessible on our website along with other policies at <http://www.lenovo.com/CSRPolicies>.

Each newly hired Lenovo employee receives training and information about our ethics and compliance program, and all employees are required to participate in subsequent mandatory training sessions held on a regular basis to reinforce the company's commitment to compliance and to conducting business with integrity. Additional information about ethics and compliance is provided through the company's intranet and other periodic communications.

## Raising Questions or Concerns

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 and reporting channels. Employees are directed to report to their managers or other resources, including but not limited to, human resources, the Ethics and Compliance Office, internal audit, corporate security, or the Lenovo legal department, any information pertaining to:

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

In addition, Lenovo provides formal, confidential ways to report when potential violations of law, company policy, or the Code of Conduct occur. These include postal mail, email, 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. The LenovoLine and other resources are also available to help counsel employees who may have questions or concerns.

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. Lenovo regards any suspected violation of law, policy, or the Code as a serious matter and is committed to following up on all reported concerns, which are addressed and tracked to resolution.

Lenovo has a clear non-retaliation 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
- 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 non-retaliation policy. Complaints of alleged retaliation will be promptly addressed and investigated.

Questions about anything relating to ethics and compliance may be sent by email to Lenovo's Ethics and Compliance Office at [ethics@lenovo.com](mailto:ethics@lenovo.com). Lenovo also provides detailed information about its internal controls framework and enterprise risk management, including ethics and compliance, on pages 53-56 of its Corporate Governance Report in the **Lenovo 2012/13 Annual Report**.

## 4.1.11 OCCUPATIONAL HEALTH AND SAFETY

Lenovo is conscientious, passionate and driven to have a strong, positive impact on our employees. Fostering a safe and healthy work 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. Our commitment to employee health and safety is reflected in **Lenovo's Corporate Policy – Responsibility for Employee Health and Safety**, which focuses on continually creating and maintaining a workplace that provides for the health and safety of all employees, and reinforces its importance at every location where Lenovo conducts 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 at Lenovo must follow this policy and report any safety or health concerns to management.

### Health and Safety Performance

During this reporting period, there were no significant accidents involving Lenovo employees, fires, property damage or regulatory violations at any of the locations in which we do business. Lenovo's manufacturing incident experience continues to be far below comparable industry averages. In addition, our global manufacturing incident rate has significantly declined the past four years. Standardizing Lenovo's Global Occupational Health and Safety (OHS) organization across the company's operations has established world-class standards and procedures to ensure employee workplace safety and reduce work-related injuries and illnesses. Lenovo is OHSAS 18001 certified at all global

manufacturing locations by Bureau Veritas, a leading independent certification body. As Lenovo's business changes, new facilities are fully integrated and measured to these high standards of care.



## 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 committees 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.

## Employee Wellness

Informational resources are made available to assist employees on various wellness matters and disease prevention. Health and safety information is offered and shared with non-Lenovo employees on an as needed basis. In support of business continuity planning, Lenovo has developed and activated comprehensive plans and procedures to limit the potential impact of health-related concerns. 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. Medical screening services offered in a number of China locations, eye care services offered in Pondicherry, India and a fitness center available to US (Morrisville, NC) employees are just a few of our initiatives to motivate employees to engage in a health and fitness-oriented lifestyle. Other examples include health risk assessments, immunization clinics and a wellness program that rewards employees for engaging in healthy behaviors and activities.

We are proud that government agencies have recognized Lenovo with a number of local, national and "best in class" awards for wellness programs and low work-related injury and illness rates at our Asia and North America facilities.

Lenovo continues to receive recognition and awards from governmental and professional organizations in the field of wellness, health and safety in a number of Asia and North America facilities. In 2012 the Mexico State

Secretary of Labor recognized the Lenovo Monterrey plant with the *Program of Self-Assessment on Safety and Occupational Health in the Workplace Certificate* award (PASST). The PASST is a national voluntary program that recognizes the "best of the best" for occupational health and safety performance in Mexico. This certification is similar to the Occupational Safety and Health Administration's (OSHA) Voluntary Protection Program (VPP) in the United States. Setting rigorous standards and requiring multiple government certification audits are cornerstones of this program.

Also in 2012, Lenovo Shenzhen (LIPC), China received governmental awards. These include *Model Safety Culture Enterprise Performance* award, the *Model Company for Outstanding Performance on Work-Related Injury Prevention* award, and the *Enterprise Health Management Excellence Performance* award all presented at the Insurance Summit Forum and Organizing Committee, a forum organized by Chinese Medical Doctors. Lenovo Beijing was recognized with the *Model Safety Culture Enterprise Performance Award* in workplace safety management and received its second consecutive *Safety Outstanding Contribution Award*. This particular award is noteworthy since Lenovo was one of only two companies and institutions out of numerous submissions to the Chinese government to be recognized as a responsible corporate citizen that actively takes care of employees and the community.

Awards at the other China facilities included: Lenovo Shanghai was recognized with the 2012 *Production Safety Knowledge Competition and Excellent Occupational Health, Safety and Environmental Performance* award; Lenovo Xiamen received the 2012 *Leader of Safety Production Management* award by the local governments; Lenovo



Xiamen Leader of OHS Management Award

Huiyang was presented with the *Model Safety Management Enterprise Award* by the Huiyang Safety Management Bureau and Lenovo Chengdu received the *ISO 14001 Certificate* from the High-Tech District. In India, Lenovo Pondicherry was the recipient of the *Gold Certificate of Merit on Health and Safety*.



In the United States, the North Carolina Department of Labor Department presented the US Fulfillment Center (USFC) in Whitsett, North Carolina, with their fifth consecutive *Gold Award* for accident prevention. The Morrisville, North Carolina headquarters location also collected its eighth consecutive *Gold Award* and was honored for recording almost 13 million hours without a lost time incident dating back to 2008. This award was received at a National Safety Council Awards Banquet attended by regional state peer companies.

Lenovo's Occupational Health and Safety organization and programs overall have received favorable scores from manufacturing employees worldwide in the Lenovo Listens employee engagement survey.



Lenovo employees at the US Fulfillment Center (USFC) in Whitsett, North Carolina, USA





## 4.2 Human Rights in Lenovo's Supply Chain

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 10 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.

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.

In addition, as an Electronic Industry Citizenship Coalition (EICC) member Lenovo has adopted the EICC Code of Conduct (<http://www.eicc.info/documents/EICCCodeofConductEnglish.pdf>) as operating principles for our company and our suppliers. This signifies our commitment to the Code's principles and willingness to uphold its standards, which include protecting the human rights of workers.

### CONFLICT MINERALS

Lenovo recognizes the importance of concerns about the sourcing of materials containing tin, tantalum, tungsten and gold (3T/G), often referred to as "conflict minerals," from regions experiencing political and social conflict, which may include the Democratic Republic of the Congo or surrounding countries. We fully "support the efforts of the EICC, Global e-Sustainability Initiative (GeSI), Non-governmental organizations and governmental bodies to solve this complex issue, and have supported these efforts with our EICC membership dues since 2006 and direct participation in EICC programs. Specific actions include the following:

- We notified our suppliers in 2009 and requested their support of EICC and GeSI activities to bring greater transparency to the issue and gain their commitment not to source conflict minerals. We continue to educate our suppliers on the importance of this issue through supplier conferences and communications.
- In FY 2009/10, Lenovo participated in and provided funding to a "Conflict-Free Sourcing" pilot program run by ITRI (The Tin Association).
- We have posted our conflict minerals policy on the Lenovo website and will not knowingly purchase materials containing 3T/G. ([http://www.lenovo.com/social\\_responsibility/us/en/Conflict\\_minerals\\_statement.pdf](http://www.lenovo.com/social_responsibility/us/en/Conflict_minerals_statement.pdf))
- We participate in EICC work groups on Extractives and Due Diligence and have participated in two EICC Conflict Minerals conferences.
- We fully support the multi-level approach of EICC's/GeSI's Due Diligence tools, Conflict-Free Smelter program and in-region tracing and auditing efforts.
- We fully support the Organisation for Economic Co-operation and development's (OECD) Due Diligence Conflict-Free Minerals from Conflict-Affected and High-Risk Areas framework.
- We are actively working to understand and meet the requirements of the US SEC's Dodd-Frank provisions on conflict minerals as they apply to Lenovo.
- Lenovo complies with mineral sourcing and disclosure requirements in each geography and country in which our products are sold.

In FY 2012/13 we undertook several initiatives to prepare for due diligence activities to be conducted in FY 2013/14. Those activities include a preliminary risk analysis on 3T/G minerals sourcing and use in the industry. This was followed by a more robust bill-of-material analysis of a typical notebook and desktop personal computer. This represented an analysis of almost 300 parts for the presence of 3T/G. This effort will help optimize our tracing, auditing and certification goals and help deliver better products that are free of conflict minerals. We also conducted an external criteria gap analysis against current practices in an effort to help guide our conflict minerals program. This activity will help Lenovo better understand requirements of the marketplace as well as improve our understanding of best practices.

## 4.3

## 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 focus on three program areas: **Next Generation Hope Fund, Global Disaster Assistance, Community 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. We enable doers to do more through social investment programs targeting education, entrepreneurship, disaster relief and regional community outreach. Lenovo provides assistance through financial contributions, equipment donations, and employee volunteer hours. To measure success, we evaluate the effectiveness of each investment against predefined goals upon program completion.

Lenovo aims to advance, enhance and extend education at all levels. We support education-related programs and initiatives through our industry-leading products and technologies, community investments and program sponsorships. We do not limit the scope of our education-related social investments, but rather we consider each opportunity based on its own merits. Lenovo donates equipment, provides financial contributions and lends expertise to schools and related organizations across all global markets. Lenovo supports global education investments in both K-12 and higher education.

## Objectives

- Advance, enhance and extend education at all levels
- 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 that supports a wide range of programs, including those focused on education, research, entrepreneurship, disaster relief and regional community outreach
- Upon completion of the project, we evaluate the effectiveness of each investment against predefined goals
- Lenovo provides assistance through financial contributions, equipment donations and employee volunteer hours
- Regional offices establish extensive relationships with their local communities and regional nongovernmental organizations

## Developments for the Period:

Employee Doers for Youth Program

During FY 2012/13, Lenovo introduced an innovative competitive grant program targeting employees who play a significant volunteer role within a local nonprofit organization. This program, Employee Doers for Youth, which was funded by Lenovo's Next Generation Hope Fund, provided three youth-focused nonprofit organizations with financial assistance and Lenovo laptop donations valued at up to US \$20,000. Three region-based selection committees reviewed nearly 30 applications from Lenovo employees and selected the winners based on categories such as organization capacity and project impact.



## Room To Read

During FY 2012/13, Lenovo Asia Pacific established an exclusive technology partnership with Room to Read, one of the fastest-growing NGOs focused on providing access to basic education for girls in underserved communities. Within the partnership, Lenovo is sponsoring US \$400,000 worth of ThinkPad laptops to support the Room to Read Girls' Education Program across developing areas in Asia.



To date, ThinkPad units have been deployed in India and Vietnam, helping Room to Read's operations staff and volunteers put more than 16,000 at-risk girls through basic education. This deployment will extend to Sri Lanka and Cambodia in the remainder of calendar year 2013.

The donated Lenovo PCs have had a significant impact on improving Room to Read's operational efficiency in numerous areas including communications, program administration and monitoring and documenting the progress of the at-risk girls.

Room to Read's program officer in India recalls the days prior to Lenovo's donation: "Before Lenovo's ThinkPad, I would wait up to thirty minutes for my computer to start in the beginning of the day. With the new ThinkPad, this is a thing of the past. Being so light, I am able to easily carry my laptop with me on field visits, improving my ability to both work with field teams and to report back to the administrative office. The battery life has also been extremely helpful as we are not always able to find a power source from which to charge the computers."

Room to Read's charismatic and influential founder, John Wood, has also been a strong ambassador for Lenovo as he travels around the world raising awareness for the cause, and he actively highlights the Lenovo partnership in his numerous interactions and talks.

## Lenovo Partners with DoSomething.org and Microsoft Bing

In 2012, Lenovo partnered with **DoSomething.org** and Microsoft Bing for "**The Hunt: 11 Days of Doing**," a campaign in the United States with TV celebrity spokesperson Shenae Grimes, inspiring teens across the nation to take action and make a real difference in their communities through 11 days of themed challenges. The Hunt embraced all facets of volunteerism on a variety of platforms focused on issues including the energy and the environment recycling, poverty and homelessness, violence and bullying, health and fitness, discrimination, disaster response and relief, education, and animal welfare. All three organizations combined resources and strategies utilizing traditional and social media to generate awareness for the 2012 campaign on a national scale.

## Lenovo Partners with NAF

In June 2012, Lenovo continued its support of the National Academy Foundation (NAF) by sponsoring regional students to attend NAF's annual Next conference held in Washington, D.C. During fiscal year 2011/12, Lenovo donated ThinkPad laptops and tablets (US \$150,000) and a financial contribution (US \$75,000) to NAF to support an innovative application development competition that was held at five high schools in the United States. This pilot program was designed to encourage greater student interest in STEM (science, technology, engineering, and mathematics) subjects. At the NAF Next conference, the sponsored NAF students presented their winning mobile application development projects and were recognized by Lenovo.

## 4.3.3 GLOBAL DISASTER ASSISTANCE

Lenovo has a long-standing practice of assisting communities around the world when disaster strikes. Lenovo and its employees are committed to helping those less fortunate and to lending a helping hand to those who are unable to provide for themselves. In response to the May 2012 earthquake in the Emilia-Romagna region of Italy, Lenovo donated US \$25,000 to the Italy Red Cross. Also, in 2011 Lenovo donated US \$1,000,000 to the Japan Red Cross to support recovery efforts for the magnitude 9.1 earthquake and tsunami in Japan. In addition, Lenovo employees supported ASHINAGA, a Japan-based nonprofit that provides financial and emotional support to orphans in Japan, with a donation of more than US \$35,000.

During FY 2012/13, Lenovo provided disaster relief assistance for the Fangshan rural area of Beijing, China. This area of China suffered record-breaking rainfall that triggered flash floods in the region resulting in 77 deaths and significant economic loss. The disaster relief group of Lenovo (China) Volunteers Association took action and provided disaster relief assistance, donating 62 computers to support the Fangshan recovery reconstruction. The Lenovo (China) Volunteers Association also donated 300 sets of daily necessities to the village.

#### 4.3.4 COMMUNITY OUTREACH, COLLABORATIONS AND PARTNERSHIPS

Each of Lenovo's actions to give back to society cannot be separated from its employees' participation. We define our corporate responsibility by following the "making the world better because of Lenovo" principle. Lenovo is committed to raising employee awareness on all aspects of responsibility to encourage values that persuade our staff to give their time to volunteer services.

#### Americas

##### Lenovo Donates to Nonprofit Organizations

Lenovo employees pledged US \$605,000 to more than 800 US nonprofit organizations. Through the corporate matching gifts program, Lenovo donated an additional US \$215,000 to 560 of these nonprofit organizations. Lenovo subsidizes all administrative fees associated with the campaign, enabling 100 percent of employee pledges to be directed to the designated organization.



##### Employees Volunteer and Donate Supplies

Employees volunteered more than 4,000 hours of their time to support Lenovo community service projects including: blood drives, building houses for families in need and refurbishing used PCs for students without computer access in

their homes. Lenovo employees also donated approximately 6,000 personal hygiene products for a United Services Organization (USO) care package drive, 3,200 pounds of food for a food bank drive and 10,000 items for a Boys & Girls Clubs school supply drive.

##### Lenovo Supports Innovation in Education

Lenovo made a grant of \$168,000 to Wake Technical Community College in Raleigh, North Carolina over two years, creating endowed scholarships for students and providing technology and professional development for professors. Other Lenovo educational sponsorships include: NC Science Festival, NC New Schools Project, NC State College of Engineering Foundation, Wake Education Partnership, National Football League Youth Education Town New Orleans and YMCA.

##### Lenovo Supports Kenan Fellows Program for Curriculum and Leadership Development

Lenovo sponsored the 2012 Kenan Fellows Program for Curriculum and Leadership Development, providing 49 North Carolina K-12 public school teachers with ThinkPad and ThinkPad Tablet technology to use for the competitive fellowship program. One of the 49 teachers was selected to participate in an intensive, summer-long professional development fellowship at Lenovo. The mission of the Kenan Fellows Program is to enhance curriculum relevance for the benefit of all students; engage teachers, businesses, and universities through unique professional collaboration; and promote growth opportunities for teachers and the teaching profession.

##### Lenovo Supports Kramden Institute

Lenovo is the founding sponsor of Kramden Institute, a nonprofit that refurbishes and donates used computers to hardworking students in grades 5-12 who do not have computer access in their homes. In support of North Carolina Business Committee for Education's "Students@Work Week" and other initiatives designed to increase students' exposure to careers in STEM, Lenovo employees volunteered with more than 100 middle school students to refurbish 384 PCs for other students. In observance of US Veterans Day, Lenovo hosted a three-day Kramden Institute event where employees refurbished 180 computers for children of military families.



### Lenovo Supports United Services Organization (USO)

Lenovo donated technology valued at approximately US \$60,000 to create USO media centers in five USO locations in North Carolina as well as in Washington, D.C. The centers allow servicemen and women the opportunity to conduct personal business and connect with family and friends while traveling. Lenovo employees also donated personal care items and created 1,300 care packages for the USO to distribute to US servicemen and women. Lenovo was awarded the distinguished Teer Award for outstanding corporate service by the USO of North Carolina in 2012.



### Lenovo Supports Boys & Girls Clubs

Lenovo donated more than 35 computers to create technology centers in local Boys & Girls Clubs. In addition, employees donated 10,000 school supply items to stock the shelves of Club “Power Hour” stores where students earn points to “shop” for supplies by completing homework and other assignments. In addition, approximately 145 employees donated 580 volunteer hours to renovating, cleaning and organizing local Boys & Girls Clubs in 2012.



### Lenovo Supports Dress for Success

Lenovo is a community partner to Dress for Success, providing approximately 1,000 hours of mentoring, consultation and training to disadvantaged women re-entering the workforce. Through 12 different events, Lenovo collected clothing, sponsored mock interview sessions, and hosted “graduation” ceremonies at the completion of the North Carolina’s Dress for Success programs.

### China

#### Lenovo (China) Volunteers Association

Following the Wenchuan earthquake in 2008, Lenovo employees formed the Lenovo (China) Volunteers Association (LCVA). As the important driving force behind Lenovo’s CSR strategy and an arena for employee engagement, LCVA has been committed to encouraging employees to participate in volunteer activities, and ensuring Lenovo is a mainstay of social contribution.

LCVA has developed a set of effective volunteer service management mechanisms, and established a sound organizational structure, management charter, and division of work and responsibilities to ensure that it operates in a systematic and institutional manner. Based on Lenovo’s four citizenship focus areas, LCVA has set up four groups in charge of environment, education, narrowing the digital divide, and poverty alleviation. LCVA conducts company-level, team-level and individual-level volunteer service activities. The group’s activities are summed up in the slogan “I volunteer, I dedicate and I am happy” which provides a charismatic identity for Lenovo volunteer services to encourage greater employee engagement in volunteering.

Embracing the pillars of learning, involvement, devotion and motivation, LCVA supports the voluntary actions of Lenovo employees in a comprehensive and systematic manner to bring about positive and meaningful change to the society, and helps deliver on our commitments as a responsible company. Under the unified management of LCVA, the Lenovo volunteer team has gradually grown and developed to about 50 committee members and over 3,000 volunteers by the end of 2012.



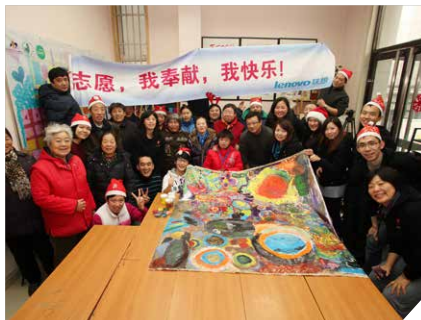


### Lenovo “Employee Hope Foundation”

In order to support employees in their efforts to serve the community, live the “Doer” spirit and support public welfare organizations, the Lenovo Venture Philanthropy Contest has been initiated in recent years. Lenovo encourages employees to submit the name of a public welfare organization they plan to support to a review board. Each winning organization selected by the board receives RMB 10,000 and employee volunteer hours, helping them to realize their dreams.

### “8 Hours of Volunteering Time”

On December 10, 2012, in order to encourage employees to participate in social welfare activities, under the LCVA initiative and with the support of the HR department, Lenovo’s SVP, China President, and LCVA association president Chen Xudong officially announced that the LCVA staff would be implementing the project “8 hours of Volunteering Time” as well as the “Employee Welfare Hope Fund” project. Overall, nine executives and 87 volunteers committed to participate in the projects and dedicate a total of 180 hours.



### 2012 Venture Philanthropy Program

The Lenovo Venture Philanthropy program was implemented in 2007 as a competition designed to identify and cultivate public welfare organizations in China, with great potential, and provide funding and support.

In 2012, through this competition, 10 famous tutors and 12 public welfare experts joined and mentored NGOs to promote China and their own organizations. This year’s Venture Philanthropy Contest selected 10 public welfare organizations, each receiving funding of RMB 100,000. Lenovo will also support these public welfare organizations in various forms in the future.



### Europe and Africa

#### Lenovo Supports the Jugend Gründet Initiative

During FY 2012/13, Lenovo supported the “Jugend Gründet” initiative of the German federal government. Now in its 10th year, the program supports entrepreneurship initiatives for German students. This year, more than 3,566 students from all over Germany submitted their business plans to the program’s judging committee. Together with partners including Volkswagen and Deutsche Bahn, Lenovo Germany has supported this program for the last four years and is part of a committee tasked with judging the ideas of aspiring young entrepreneurs. Winners received Lenovo ThinkPad laptops.

#### Lenovo Supports Microsoft’s “Schlaumäuse” Project

The Schlaumäuse Project is dedicated to helping improve the German language skills of preschool children. It was established as a pilot program in 2003, in a partnership between the German Ministry of Family Affairs and Microsoft Germany, and was expanded to Austria and Switzerland in 2005.

With the launch of Lenovo Windows 8 Tablets, Lenovo began supporting this program as a hardware partner. On April 12, 2013, Stefan Engel, Vice President

and General Manager of Lenovo's Central Region, together with Prof. Dr. Maria Boehmer, member of the German Bundestag or Parliament, officially presented 130 Lenovo IdeaPad Lynx tablets to German kindergartens ("kitas").

More than 6,000 kitas are currently participating in the "Smart Mice" initiative, a program tailored for children ages four to seven and offered free of charge to kitas throughout Germany.

Strong knowledge of the German language is a key factor for successful school and professional careers.

Currently, 20 percent of all children of German descendants and more than 50 percent of all children of immigrants are in need of linguistic coaching.

Approximately 25 percent of all 15-year-old students are not able to read and write fluently despite their schooling, so addressing the problem through early childhood intervention is critical.

The initiative represents a strong partnership between business, education and government.

### **Lenovo Partners with the Women's Forum for the Economy and Society**

For seven years now, Lenovo has been a corporate sponsor and technology partner of the Women's Forum for the Economy and Society. The objective of The Forum is to highlight and enhance women's contributions to the economy and society and to provide new approaches to international issues. In 2012, The Forum was attended by 1,400 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 Fund.



### **Lenovo Participates at the Cercle InterElles Conference**

The Cercle InterElles' women's network has emerged in recent years as a pioneer network in the fight against stereotypes and for gender diversity and equality in the workplace.

Created by five companies in 2001, the network has expanded over the years to include Lenovo and 11 other companies with significant operations in France. This innovative group understands that diversity and gender balance are key factors for business success.



Resolutely dedicated to the success of women, the 12th annual conference of the Cercle InterElles, held on March 7, 2013 in Paris, attracted 500 participants. This year's event centered on three primary topics: emotion and intuition as levers in the professional world, diversity issues and women's career life cycles. The conference was entitled "Success by Women: Together!" and highlighted the importance of collaboration between men and women on the path to parity.

This conference, organized by the members of the Cercle InterElles, was chaired by Catherine Ladousse, Lenovo EMEA Executive Director of Communications, and opened by Najat Vallaud-Belkacem, Minister of Women's Rights in France and Spokesperson of the Government. The conference also hosted many experts throughout the day, including guest speaker Marie-Christine Saragosse, President and CEO of the Audiovisual in France.

"Since its inception, our 'network of networks' has established itself to help technological and scientific companies in making progress in the path of diversity and equal opportunities," said Catherine Ladousse, who also serves as president of Cercle InterElles in 2013. "We are pleased with the commitment of each company and the recognition of our work, as evidenced by the presence of Najat Vallaud-Belkacem, French Minister of Women's Rights and Spokesperson of the Government, who delivered the opening speech of the 2013 annual conference."

### Lenovo Partners with Ecole de la Deuxième Chance

The Lenovo France team partnered in the opening of a new “Ecole de la Deuxième Chance” (School of the Second Chance) in Paris. Ecole de la Deuxième Chance combats youth unemployment by offering young students training and internships ranging from nine months to one year in length. Through these internships, students achieve a mastery of basic skills, such as reading, writing, counting, basic computer skills and conceptual foreign language. Lenovo is committed to the betterment of education through this initiative by offering students and teachers innovative technology products.



### Lenovo Bratislava Raises Funds for Charity

On March 22, 2013, the Lenovo team in Bratislava, Slovakia hosted their annual Charity Night and raised €11,443 to support local charities. They did it by hosting a party for 450 people with a “Czechoslovakia Retro” theme, which included music from a Lenovo band (the Lenovians) and a famous Slovak singer. Funds were raised through a silent auction of artwork created by Lenovo employees as well as through an auction of activities offered by the Bratislava senior management team. In addition, an interactive auction allowed employees to challenge their managers to do special tasks or activities.





# PLANET

## 5.1 Lenovo's Environmental Commitment

- 5.1.1 Our History of Environmental Leadership
- 5.1.2 Lenovo's Environmental Management System
- 5.1.3 Compliance – Regulatory and Voluntary – The Foundation of Our EMS
- 5.1.4 Product Life Cycle Management

## 5.2 Operations

- 5.2.1 Energy and Climate Change
- 5.2.2 Operational Energy Efficiency
- 5.2.3 Renewable Energy
- 5.2.4 Renewable Energy Credits and Carbon Offsets
- 5.2.5 Climate Change Risk/Opportunities Management
- 5.2.6 Integrated Operations – Supply Chain Management
- 5.2.7 Global Real Estate Operations
- 5.2.8 FY 2012/13 Environmental Performance

## 5.3 Lenovo's Environmentally Conscious Products Program

- 5.3.1 Product Materials
- 5.3.2 Product Energy Efficiency
- 5.3.3 Environmentally Responsible Products
- 5.3.4 Product Packaging
- 5.3.5 Environmental Affairs Conference for Lenovo's Suppliers

## 5.4 Product End-of-Life Management

- 5.4.1 Key Elements of PELM
- 5.4.2 Achievements
- 5.4.3 Product Take-Back Programs
- 5.4.4 Management of Lenovo's PELM Suppliers
- 5.4.5 Recovery and Recycling Trends

## 5.1 Lenovo's Environmental Commitment

Lenovo's long-term, comprehensive approach to environmental management encompasses everything from site operations to product design to recycling and product end-of-life management. Lenovo has developed a set 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 uphold Lenovo's environmental commitments.

Lenovo's Corporate Policy on Environmental Affairs is provided below.

### Corporate Policy on Environmental Affairs

Lenovo is committed to exhibiting 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.



### 5.1.1 OUR HISTORY OF ENVIRONMENTAL LEADERSHIP

Lenovo is an innovative, global personal 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, using 50 percent less plastics and hardware materials 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 actively participated in ENERGY STAR® 4.0, released in July 2007. All Lenovo’s global notebook, desktop and monitor models introduced since the effective date of ENERGY STAR® 4.0 meet the new standard, either in the base models or as an optional configuration.
- **2007** – Lenovo led 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.
- **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 CWEEK
  - “Strongly Recommended Product” awarded by CWEEK
  - “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, Lenovo ThinkVision monitors became the first full line of monitors to achieve ENERGY STAR® 5.0 — nine months ahead of the launch of the new standard.
- **2009** – In January 2009, Greenpeace produced the report “Green Electronics: The Search Continues,” and recognized 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, *PC Magazine* 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 Think Centre A70z All-in-One PC was awarded the new TCO Certified All-in-One PCs label.
- **2010** – In March 2010, Lenovo was awarded the 2000th Nordic Ecolabel. In the first step, twelve laptop computers, including nine 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.
- **2011** – In August 2011, TCO awarded the ThinkCentre M71z AIO TCO Certified Edge designation.
- **2011** – In August 2011, TCO awarded the ThinkVision LT2452p display TCO Certified Edge designation.
- **2011** – In September 2011, several Think Vision monitors achieved Gold rating with UL Environment (e.g., Think Vision LT 1952, LT 2252p, and LT 2452p).
- **2011** – In September 2011, several ThinkPad products were certified with UL Environment (e.g., ThinkPad X1 or T420 laptops).
- **2011** – In October 2011, 56 notebooks held the SWAN ecolabel, environmental certification in the Nordic region of Europe.
- **2012** – In February 2012, Lenovo took the lead in the Nordics with most products registered with Nordic Ecolabel — 60 products including the first registered tablet.
- **2012** – In March 2012, TCO awarded the ThinkVision LT2323p and LT2323z displays TCO Certified Edge designation.
- **2012** – During May – August 2012, numerous additional ThinkPad products (e.g., ThinkPad T430, T430s, T530, W530, X230, X1 Carbon, X131e, L430, L530, S430, and T430u) achieved UL Environment Gold certification.
- **2012** – In June 2012, Lenovo was the first PC manufacturer to meet sustainability requirements for the socially responsible manufacturing and achieved the new generation TCO Certified for its All-in-One ThinkCentre M92z and M72z series with 20 and 23 inch displays.
- **2012** – In June 2012, Lenovo’s convertible tablets X230 Tablet and S230 Twist were certified with UL Environment Gold.
- **2012** – In September 2012, Lenovo offered the first displays that met the new generation TCO Certified Displays requirements.
- **2013** – In February 2013, Lenovo qualified additional products to the new version 4 TCO requirements, including the ThinkCentre M92, M92p SFF, M92 and M92p Tower.

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.

### 5.1.2 LENOVO'S ENVIRONMENTAL MANAGEMENT SYSTEM

Lenovo manages the environmental elements of its operations through a global environmental management system (EMS) that covers Lenovo's global manufacturing, research, product design and development activities for personal computers, servers, and digital and peripheral products. Lenovo China manufacturing and R&D sites are certified to the requirements of ISO 14001:2004 by the China Electronics Standardization Institute (CESI). Lenovo's manufacturing and product development facilities outside of the People's Republic of China are certified to ISO 14001 by Bureau Veritas (BV). Lenovo NEC is ISO 14001 registered with the Japanese Quality Assurance Organization (JQA). Lenovo Medion is currently in the process of implementing an ISO 14001 compliant EMS. The system will be registered with BV during the spring of 2014.



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

**Figure 5.1 Lenovo's ISO 14001 Certified Locations**

Country	City	Address	Primary Function(s)
China	Beijing	No. 6 Shangdi West Road	Development
China	Beijing	No. 6 Chuangye Road	Manufacturing, Administration
China	Beijing	No. 2 Building, No. 8 Chuangye Road	Manufacturing, Administration
China	Beijing	No. 32 Chuangye Middle Road	Manufacturing, Administration
China	Chengdu	No. 88 Tianjian Road	Manufacturing
China	Dalian	No. 267 Wuyi Road	Software Development
China	Huiyang	Lenovo Science & Technology Park	Manufacturing
China	Shanghai	696 Songtao Road	Development
China	Shanghai	No. 68 Building, 199 Fenju Road	Manufacturing
China	Shanghai	No. 2 Building, 955 Shangfeng Road	Manufacturing
China	Shenzhen	Nanyi Road	Development
China	Shenzhen	ISH2 and Shuncang Buildings	Manufacturing
China	Xiamen	No. 999 Qisan North 2nd Road	Manufacturing
India	Pondicherry	RS No. 19/IA & 2A Cuddalore Rd.	Manufacturing
Japan	Yokohama	3-6-1 Minatomirai, Nishi-ku	Development
Mexico	Apodaca, NL	No. 316 Boulevard Escobedo	Manufacturing
USA	Morrisville, NC	1009 Think Place	Executive HQ
USA	Whitsett, NC	6540 Franz Warner Parkway	Manufacturing

Within the framework of our EMS, Lenovo annually identifies and evaluates the 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 2012/13 our significant global environmental aspects included:

- Product materials — including use of recycled plastics and environmentally preferable materials
- Product packaging
- Product energy use
- Product end-of-life
- Product carbon footprint
- Site energy consumption
- Site air emissions
- Supplier environmental performance
- Waste management

[Click here](#) to see the status of Lenovo's FY 2012/13 global environmental Objectives & Targets.

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. In FY 2011/12 and FY 2012/13 Lenovo performed at a reasonable level of assurance for energy, GHG emissions, waste and water data.

[Click here](#) to see the FY 2012/13 GHG Verification Statement or visit <http://www.lenovo.com/climate> and follow the link from there.

[Click here](#) to see the FY 2012/13 Waste and Water Verification Statement or visit <http://www.lenovo.com/WaterandWaste> and follow the link from there.

### 5.1.3 COMPLIANCE – REGULATORY AND VOLUNTARY – THE FOUNDATION OF OUR EMS

Lenovo's commitment to environmental stewardship begins with a commitment to compliance. This includes compliance with both regulatory requirements and voluntary standards set forth by associations and standards organizations to which Lenovo subscribes in support of managing and minimizing the environmental impact of our operations and our products. We verify our compliance through regular periodic internal and third-party audits of our facilities and operations. In FY 2012/2013, Lenovo received no notices of violation nor incurred any known breaches of regulatory requirements. Our commitments to voluntary programs and standards are described in the sections below.

#### 1. Associations

##### Electronic Industry Citizenship Coalition (EICC)

As a member of EICC, 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 EICC's Environmental Sustainability group, which includes projects related to supply chain carbon emissions/water/waste reporting systems and tools, among others. Lenovo also participates in the EICC Extractives working group/Conflict Free Sourcing Initiative, which focuses on issues surrounding conflict minerals.

##### Information Technology Industry Council (ITI)

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.

##### IPC® (Association Connecting Electronics Industries)

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

#### 2. Green Programs (Eco-Labels)



##### Electronic Product Environmental Assessment Tool (EPEAT)™

EPEAT™ rates computers and monitors based on 51 criteria over eight categories including toxics reduction, recycled content, energy efficiency, ease of recycling, product longevity, company environmental performance, product take-back 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 US Environmental Protection Agency and the US Department of Energy conceived to promote energy efficiency and reduced greenhouse gas emissions. Products meeting certain standards earn an ENERGY STAR® label. Such labeling identifies and promotes energy-efficient products and helps customers make smarter buying decisions based on lowering electricity costs.



##### GreenGuard®

GreenGuard Certificates are awarded by UL Environment's GREENGUARD® Certification program 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.



##### Nordic Ecolabel

The Nordic Ecolabel or Nordic SWAN was introduced by the Nordic Council of Ministers to designate products that represent a good environmental choice. Lenovo was awarded the 2000th Nordic Ecolabel for 12 different laptop computers in 2010. This label demonstrated that Lenovo's products met the rigorous environmental criteria of the program.



### TCO Certified

TCO Certified ensures that all products are designed ergonomically, deliver high performance, feature low energy consumption and meet stringent environmental requirements, including use of recycled content and limits on hazardous materials.



### TCO Certified Edge

TCO Certified Edge offers additional recognition for leading-edge performance in a select criteria group, such as energy efficiency, usability or use of recycled materials. TCO Certified Edge is a supplemental certification intended for products that are at the forefront of the cross section of IT and sustainability.



### TÜV Rheinland Green Product Mark

TÜV Rheinland Green Product provides consumers and buyers with guidance in identifying green and sustainable products. Products are awarded the Green Product mark signifying compliance with various sustainability regulations and requirements.



### UL Environment's Sustainable Products Certification:

To earn this certification, products must undergo rigorous in-house testing at Underwriters Laboratories to the IEEE 1680.1 standard on dimensions such as energy efficiency, design for recycling, and materials usage.

## 3. Programs, Workgroups and Initiatives

### Call2Recycle

The Call2Recycle program provides free recycling of rechargeable batteries at over 30,000 drop-off locations in the United States and Canada. Lenovo has been a licensee of Call2Recycle since 2006.

### CDP

Lenovo discloses its quantitative GHG emissions data and qualitative information such as risks and opportunities, and climate change strategy through CDP's worldwide public database. Lenovo is also a member of CDP's Technical Working Group and has been collaborating on the development and improvement of the CDP ICT Module.

### China Greentech (CGTI)

Lenovo participated in the CGTI 2012 Partner Program. China Greentech examines opportunities in five sector tracks: cleaner conventional energy, renewable energy, green building, cleaner transportation, and clean water. In addition, CGTI is in discussions with partners interested in launching cross-sector tracks that examine opportunities in low carbon zones, waste management, green supply chain, and China outbound markets.



Lenovo's Sustainability Director presents at CGTI

### Coalition for Energy and Environmental Leadership in Leased Space

Lenovo is a member of this coalition and uses the Environmental and Energy Efficiency Attributes checklist as an evaluation process for new leased buildings.

### ECMA-370 — The Eco Declaration Standard

Developed in accordance with international standards, ECMA-370 provides guidelines for the type of environmental data that should be disclosed about a given product. Lenovo's environmental data sheets provide basic information on the environmental attributes of each product covering material use, energy efficiency, acoustics, packaging, disassembly and recycling that follow the ECMA 370 standard.



**Electronic Product Stewardship Canada**

Lenovo is a board member of this organization, which supports innovation and enhanced end-of-life solutions for electronics products in Canada.

**Global Reporting Initiative (GRI)**

GRI is a network-based organization that issues the world's most widely used sustainability reporting framework. This framework establishes principles and indicators that organizations can use to measure and report their economic, social, and environmental performance. Lenovo supports this standardized approach to reporting and structures its annual sustainability report based on the GRI framework.

**Green Freight Asia Network (GFAN)**

Lenovo is a GFAN Steering Committee member. GFAN is an organization that promotes better air quality and more livable cities in Asia. Lenovo joined two GFAN working groups in November 2012: the Private and Public Stakeholder Engagement group that is focused on developing stakeholder strategies, processes and platforms for engagement between public and private stakeholders; and the Methodologies and Tools group that is working on developing the mechanism and tools for measuring energy efficiency of carriers and aligning verification procedures with accredited certifiers.

**International Electronics Manufacturing Initiative (iNEMI)**

Lenovo follows efforts to develop industry-standard approaches to BFR/PVC phase-out — the trend toward low-halogen materials in electronics products. In 2012, Lenovo was a member of the iNEMI Environmental Leadership Sub-Committee.

**International Standard ISO 14001:2004, Environmental Management Systems**

All Lenovo's manufacturing and research & development sites are ISO 14001 certified.

**Leadership in Energy and Environmental Design**

In 2012, Lenovo's Real Estate organization set goals to ensure that future spaces will be LEED Certified or Equivalent and to help embed energy-efficient/green features. Additionally, LEED training was provided to several Lenovo real estate managers worldwide during 2012.

**Product Attribute Impact Algorithm (PAIA) Project**

Lenovo is engaged with academic and industry partners in the development of a streamlined carbon life cycle analysis methodology for calculating the PCF of ICT products.

**Responsible Recycling (R2)**

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

**The Green Grid**

Lenovo fully supports the goals of this organization, which works on harmonizing global industry efforts, creating a common set of metrics, and developing technical resources and educational tools on resource efficiency in information technology and data centers throughout the world.

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

Lenovo joined the UN Global Compact in January 2009. Lenovo's annual Communication on Progress expresses a commitment to continued support of the UN Global Compact and its 10 principles, identifies targets, defines performance indicators, and reports outcomes.

**US Environmental Protection Agency's Green Power Partnership (EPA GPP)**

Lenovo has been a partner with this voluntary program supporting organizational procurement of green power by offering expert advice, technical support, tools and resources since September 2010.

### **US Environmental Protection Agency's SmartWay Program**

Lenovo received the SmartWay certificate from US EPA in July 2008. As a SmartWay Shipper Partner, Lenovo commits to ship at least 50 percent of products using SmartWay Transport Carriers and adopt recommended shipper strategies such as using a combination of air and ocean transport, lighter loads and bulk shipping alternatives.

### **Video Electronics Standards Association (VESA®)**

Lenovo leads the industry in the development of energy-efficient interface standards for monitors (mercury-free, low halogen).

### **World Resources Institute (WRI) and World Business Council for Sustainable Development (WBCSD)**

Lenovo continues its support of the WRI/WBCSD GHG Protocol, most recently supporting development of the Product Accounting and Reporting Standard – ICT Sector Supplement. Lenovo has been a part of the WRI/WBCSD Stakeholder Advisory Group.

### **Lenovo recognizes the importance of environmental leadership in China and has participated in numerous environmental initiatives in the country, including:**

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

This program is a voluntary initiative/certification for saving energy and reducing emissions by motivating manufacturers to produce more energy-efficient products and supporting consumers in making more sustainable purchases. This certification, qualified by the China Quality Certification Centre (CQC), sets forth minimum allowable values of energy efficiency and energy grades for microcomputers. Lenovo has the largest number of PC products certified by CECP.

#### **China Environmental Labeling (CEL)**

This labeling program is a voluntary initiative assessing electronic products. It includes mandatory and optional environmental criteria such as reduction/elimination of environmentally sensitive materials, product longevity/life

extension, high energy efficiency/energy conservation, end-of-life management and other dimensions. This certification is qualified by the China Environmental Labeling Certification Centre (CEC). Lenovo has the largest number of PC products certified by CELP.

### **PC+ China Energy Efficiency Standard**

Lenovo was an active participant in the establishment of this series of standards. Lenovo provided internal test data, test machines and technical and human resources to support establishing the standards. Lenovo led work on establishing the PC energy efficiency standards. Lenovo also organized the PC industry meeting and coordinated the gathering of stakeholder input.

### **China Green PC Standard**

Lenovo will co-lead the development of this standard with China Electronic Standard Institution (CESI). The standard will guide the PC industry in the development of products with green attributes such as high energy efficiency, use of environmentally friendly materials, recyclability, and reduced product carbon footprint. Release of the standard is projected for 2014.

### **Energy Saving Work Association of the Chinese Institute of Electronics**

Lenovo is the Vice Chair of the Energy Saving Work Association of the Chinese Institute of Electronics. In this capacity, Lenovo actively supports the Chinese government on Green ICT policies. Through the Association, Lenovo helps lead the PC industry to participate in and perform projects that support the development of green product attributes. Participation in the Association provides a platform for sharing best practices in China. Lenovo continues to provide resources to support the development of the Energy Saving Work Association.

## 5.1.4 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. Lenovo's product environmental strategy focuses on:

1. **ENERGY** – Energy-efficient products, energy management tools, product carbon footprint
2. **MATERIALS** – The use of environmentally preferable materials
3. **PACKAGING** – Product packaging initiatives

### 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, and 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 notebooks, desktops, workstations, monitors and servers that meet ENERGY STAR® and other certification standards.

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

### Product Energy Management Features

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

- For Windows 8 systems, the “Lenovo Settings” app — provides power management features for the user.
- For other operating systems, 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.
- 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.
- Rack Planner — helps users better plan for rack efficiency by increasing rack density and calculating power consumption based on specific configurations.
- Smart Grid — helps users monitor and manage power consumption and temperature of ThinkServer with Intel Node Manager. It can save power, increase rack density, and avoid Data Center hotspots.
- PSU Smart-on — when system detects that the power loading is low in redundant PSU configuration, system can transfer the loading from 2 PSU to 1 PSU to get higher power efficiency and save energy.

## Product Carbon Footprint

Lenovo is engaged with other members of the information and communication technology (ICT) industry, academia and ENERGY STAR® in the development of a tool to simplify and expedite determination of the Product Carbon Footprint (PCF) for ICT products through the Product Attribute Impact Algorithm (PAIA) project. This work aims to move the industry toward a standard methodology for establishing PCF. Lenovo's product development groups currently use the PAIA notebook, desktop and monitor PCF calculation tools, and are engaged in development of a tool for all-in-ones and tablets. PCFs calculated using the PAIA tools are shared with customers upon request. PCFs for typical products and Lenovo's PCF strategy are published on our environmental website. Lenovo will use the results of the PAIA calculations to identify opportunities to drive reductions in PCF. We will also continue to support the development of more accurate and efficient resources for carrying out PCF calculations.

In November 2011, in cooperation with the Certification and Accreditation Administration and Ministry of Industry and Information Technology of the People's Republic of China, Lenovo started work on three key environmental-themed projects: the national "Twelfth Five Year Plan" science and technology project, the Carbon Emission & Carbon Reduction Certification project, and the Accreditation Key Technology Research and Demonstration Project. Lenovo has been supporting these projects in the following four areas: Product Category Rule, Desktop PCF, Notebook PCF, and PCF Certification. Among other concrete supporting activities, Lenovo provided a PCF training session to more than 200 component suppliers and successfully completed Lenovo's first facility-based GHG verification by CESI for our manufacturing site in Shenzhen. In 2013, Lenovo was awarded the "ICT industry typical product/service carbon footprint assessment: Key Technologies Research & Demonstration Base" by CNCA. Additionally, by completing the ThinkCentre M92/p Tower life-cycle carbon footprint assessment/verification and LIPC Shenzhen site ISO14064 certification, Lenovo supported the China government's and China ICT industry's work on the formulation of a Product Category Rule.

Lenovo is also engaged in the International Electrotechnical Commission (IEC) TC100 Technical Report (TR) Project "Quantification methodology for

greenhouse gas emissions for computers and monitors." This TR will provide specific guidance on how to quantify the carbon footprint of computer devices using a methodology consistent with existing guidance documents. As the only company participant headquartered in China, Lenovo is responsible for the analysis of China PCF methodology to support the comparison of worldwide streamlined PCF methodologies.

**Click here** for more information about Lenovo's work on product carbon footprint or visit <http://www.lenovo.com/climate>.

## Environmentally Preferred Materials

Lenovo's product development process is also focused on integrating environmentally preferred materials into our products. Transitioning to low halogen components where feasible and inclusion of post-consumer recycled content (PCC) plastics continues to be instrumental to our development strategy. Lenovo has demonstrated significant leadership in the use of PCC and design of environmentally sustainable products. From early 2005 through 2012, Lenovo's use of PCC and post-industrial recycled content (PIC) plastics in its products exceeded 100 million pounds. Lenovo is committed to incorporating some amount of PCC into every PC product we develop and continuously increasing the use of PCC in each product family.

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

## Product Packaging Initiatives

Lenovo reduces the overall volume of materials used for packaging by using recycled and recyclable material, smaller sized boxes and reusable bulk packaging. Lenovo is also engaged in a pallet pooling project that drives wooden pallet recycling and consumption reduction — which is expected to be implemented in phases after its introduction in Shenzhen in October 2013.

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

## 5.2 Operations

### OVERVIEW OF OUR FOOTPRINT

In FY 2012/13 Lenovo underwent an internal reorganization aimed at improving our performance in the PC Plus era by aligning our product business groups into the Lenovo Business Group for mainstream products and the Think Business Group for premium products. Lenovo assembles exceptional PC products and is confident in its work to continue developing and manufacturing high quality PC Plus products such as tablets, smartphones, smart TVs, servers and data solutions.

Lenovo's operational footprint spans the globe. We have dual headquarters located in Beijing, China, and Morrisville, NC, USA. We also operate research and development (R&D) centers in Yokohama, Japan; Beijing, Shanghai, Xiamen, Chengdu and Shenzhen in China; Essen, Germany and Morrisville, NC, USA. Manufacturing and assembly facilities are in Beijing, Chengdu, Shanghai, Huiyang, Shenzhen, and Xiamen, China; Pondicherry, India; Monterrey, Mexico; Gunma and Yonezawa, Japan and Whitsett, NC, USA. Sales headquarters are located in Paris, Beijing, Singapore and Morrisville. Further, Lenovo has sales and administrative offices in over 100 locations in more than 60 countries around the world.

Our worldwide operational footprint continued to grow during FY 2012/13. During the year, we announced acquisitions and joint ventures that will further expand our operations in China, Brazil and the US. During August 2012, EMC and Lenovo announced the formation of a strategic partnership for the delivery of standard servers and networked storage solutions. In September 2012, Lenovo announced the purchase of the Brazilian electronics manufacturer CCE and the US-based software company Stoneware. We have also constructed new manufacturing facilities in Itu, Brazil, and Wuhan, China. These operations will be integrated into Lenovo's global environmental management system.

In order to ensure consistent and effective management of the environmental aspects of our global organization, Lenovo 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 Chairman and 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 2.5 to view 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 demonstrating leadership in environmental affairs in all aspects of our business. Lenovo 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 as can be seen in [section 5.1.3](#), showing Lenovo's participation in numerous voluntary environmental initiatives in an effort to reduce impact on the environment.

### 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 objectives and targets aimed at doing our part to combat climate change.



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 EMS. Lenovo aims to 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.

As we continue rapid growth in infrastructure, organization and product sales, meeting our long-term climate change goals becomes more challenging. To address this challenge, we are evaluating external partners to help drive continued improvement in this area. The energy and emissions project hierarchy that Lenovo uses to evaluate and implement projects favors energy efficiency first, use of renewable energy second, and finally, the purchase of renewable energy credits or carbon offsets. Lenovo is monitoring the development of climate change regulations and voluntary carbon reduction programs, the development and impact of cap and trade programs, renewable energy portfolio standards and product carbon footprint and labeling requirements both globally and regionally.

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

## 5.2.2 OPERATIONAL ENERGY EFFICIENCY

Given that one of Lenovo's most significant environmental aspects is emissions associated with energy consumption, Lenovo's goal is to continuously improve the energy efficiency of operations. Lenovo's initiative for energy reduction 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, manufacturing line optimization, reducing PC online testing time, improving computer server room energy efficiency, 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 the section below on the environmental impact of our operations.

## 5.2.3 RENEWABLE ENERGY

Lenovo is committed to installing local renewable energy generation sources where feasible. Our initial actions in this area include installation of a solar-powered hot water system at our campus in Huiyang, China, and solar-powered lamps for parking lots in Beijing, China.

In FY 2011/12, Lenovo committed to installing solar panel arrays at our manufacturing site in Shanghai, in conjunction with the government's "Golden Sun" program. The solar panels became operational in July 2012 and generated 209.835 MWh of solar energy during a period of July 2012 through March 2013. The generated electricity was used at the site and helped avoid approximately 173 MT CO<sub>2</sub>e.<sup>1</sup>

We are exploring other opportunities to improve our renewable energy initiatives by implementing other solar projects, using alternative fuels and purchasing green power.

## 5.2.4 RENEWABLE ENERGY CREDITS AND CARBON OFFSETS

Where actual direct energy reductions or use of renewable energy sources is not technically or economically feasible, Lenovo chooses to purchase Renewable Energy Credits (REC) and carbon offsets.

To date Lenovo has purchased renewable energy to support our emission reduction commitments as follows:

Lenovo has purchased 10,500 Renewable Energy Credits (RECs) per year for three years and 3,000 wind carbon offsets per year for two years from Earth Energy Resources LLC, targeting to avoid over 25,000 metric tons of carbon dioxide during FY 2010/11-FY 2012/13. Lenovo's purchase has contributed to building wind energy facilities in the United States.

<sup>1</sup> Based on 2012 Baseline Emission Factors for Regional Power Grids in China.

Lenovo partnered with Climate Action and purchased 5,457 carbon offsets from a biomass waste to energy project to balance the carbon emissions associated with the purchased power for the new manufacturing facility in Chengdu, China, in FY 2012/13.

Lenovo has contracted with Sterling Planet and purchased 4,000 climate carbon offsets that carbon balance 4,000 MT CO<sub>2</sub>e and invested in Green-e Energy certified RECs with an offset value equivalent to 17,500 CO<sub>2</sub>e. Climate carbon offsets and RECs supported 100 percent renewable energy projects such as wind, small hydro or biomass projects.

Click on the year to view the certificates for RECs retired by Lenovo to date (2011, 2012, 2013), or visit: <http://www.lenovo.com/climate> and follow the link from there.

Click on the year to view the certificates for carbon offsets retired by Lenovo to date (2011, 2012, 2013), or visit: <http://www.lenovo.com/climate> and follow the link from there.

## 5.2.5 CLIMATE CHANGE RISK/OPPORTUNITIES MANAGEMENT

Climate change risks and opportunities are identified and evaluated as part of two processes within Lenovo's business management systems. These include our global annual risk registration process and our annual environmental significant aspect evaluation. These two processes are connected, meaning that if climate change risks are identified in global risk registration, they are considered in the environmental aspects analysis — and vice versa.

- Lenovo's formal risk management process includes, among other sustainability factors: environmental risk categories such as environmental incidents, catastrophic weather conditions, supply chain disruptions due to electricity outage, and other elements. Each business unit is required to annually identify risks and assess their impacts on Lenovo's strategy execution, then develop mitigation plans for the risks identified. This process is managed by Lenovo's Enterprise Risk Management team.
- Climate change risks are also evaluated, and the results of this evaluation are submitted to the annual risk registration process described above. Energy consumption, the associated greenhouse gas emissions, and climate

change are identified as significant environmental aspects and impacts for Lenovo. As such, associated risks and opportunities are evaluated and prioritized annually, based on Lenovo's significant aspect methodology in accordance with the requirements of our environmental management system. Per these requirements, climate change is evaluated relative to its actual and potential influence on the environment and the business. This process is managed by Lenovo's Global Environmental Affairs team.

## 5.2.6 INTEGRATED OPERATIONS – SUPPLY CHAIN MANAGEMENT

Lenovo is committed to corporate social responsibility and sustainability across the end-to-end supply chain process. This includes processes and employees at Lenovo manufacturing and non-manufacturing locations, at outsourced manufacturers and in procurement and logistics processes. We are focusing on compliance with all applicable labor, environmental, health and safety, and ethics standards; reducing greenhouse gas emissions; mitigating environmental risk and avoiding contribution toward conflict. We are steadily widening the scope and deepening the extent of our policies, programs and oversight activities. Environmental highlights from our supply chain management teams are included below. Additional supply chain highlights are included in the People and Performance sections of this report.

### 5.2.6.1 Minimizing the Environmental Impact of Lenovo's Logistics

Lenovo plans to continue optimizing our logistics programs and working closely with our partners to ship products in the most environmentally responsible manner.

Global Logistics has been working on a pallet pooling system project. This project involves the collection of used pallets from carriers' facilities in Hong Kong and their reuse in Lenovo's distribution center in Shenzhen. This initiative is estimated to reduce approximately 640MT CO<sub>2</sub>e per year. After the initial launch, Lenovo plans to expand the project in waves, first to eastern China and subsequently to the rest of the world.

Lenovo's Global Logistics team proactively drives ocean-transport consolidation opportunities to reduce the number of containers shipped out of China manufacturing sites with the goal of reducing carbon emissions. The ocean-

transport consolidation project was implemented in the third quarter of 2012. Implementing container utilization efficiencies between China and Western Europe is estimated to deliver an 18 percent improvement in container utilization and an estimated 20 percent reduction in related CO<sub>2</sub> emissions.

In North America, Lenovo Global Logistics joined the EPA SmartWay program beginning in 2008 and continued the program with EPA SmartWay in 2012, requesting that its North American carriers comply with EPA SmartWay standards. SmartWay is a public/private collaboration that helps freight shippers, carriers, and logistics companies improve fuel-efficiency and save money.

In Asia Pacific, Lenovo is a founding member and board member of the Green Freight Asia Network (GFAN). This nonprofit association's goal is to promote and improve fuel-efficient freight transport and decrease air pollution in Asia. GFAN is expected to be officially launched during Q2 of FY 2013/14. Lenovo's Global Logistics team is working closely with the GFAN to identify opportunities to road test the GFAN standards and methodologies with domestic transportation in China.

#### 5.2.6.2 Understanding the Greenhouse Gas Emissions and Water Usage of our Supply Chain

Lenovo continues to participate with EICC efforts for measuring and reporting carbon emissions and water usage across our supply chain. We ask key Lenovo suppliers to submit GHG and water information via the EICC reporting program either through completing the EICC GHG and Water Questionnaire or providing copies via CDP reporting tools.

In FY 2012/13, suppliers representing 95 percent of our procurement spend reported total scope 1 and 2 emissions. Details on supplier carbon emissions are included in section D. **Additional GHG Emissions Performance and Related Initiatives.**

Even as Lenovo's business grew greater than 30 percent in revenue and units shipped, compared to the previous year, this represented a:

- 1.7 percent absolute total emissions increase
- 14 percent per unit reduction in emissions

Additionally, we determined that suppliers representing 83 percent of our procurement spend have formally published reduction goals and that suppliers representing 60 percent of our procurement spend have third party verification of their emissions reductions. It is our goal to increase our procurement spend with suppliers that publish reduction goals to 88 percent in FY 2013/14.

For FY 2012/13, Lenovo began collecting water consumption inventory data from our suppliers using the EICC reporting tool. It is our goal to continue to improve our understanding of our supply chain's impact on water resources.

### 5.2.7 GLOBAL REAL ESTATE OPERATIONS

#### Lenovo's China Real Estate

Lenovo's China Property (CP) function is responsible for managing all office real estate activities in China and for meeting Lenovo's real estate needs through the most appropriate operations in China.

As of March 2013, CP managed four Lenovo owned sites in Beijing with a total of 189,348 square meters and GSC managed two Lenovo owned sites in Chengdu and Huiyang with a total of 132,888 square meters. Additionally the total leasing real estate portfolio represented 187,643 square meters across 41 locations in China.



Refrigeration Units Upgrade in Lenovo's Beijing, China location

Energy efficiency was a key target of Lenovo's CP team throughout FY 2012/13. Two projects were implemented at our two biggest sites — the Lenovo building and Lenovo R&D campus in Beijing. First, we changed Lenovo advertising

lights from halogen lamps to LED in March 2012. This project helped save over 13,000 KWh of electric power consumption during FY 2012/13. Second, we added a frequency converter into the refrigeration units of our air conditioning system in a chiller room in cooperation with an energy management contractor in September 2012. This will improve our cooling efficiency and reduce our electric power consumption used for cooling by about 20 percent.

A Bureau Veritas auditor completed a three-day site environmental data verification for FY12/13 at Lenovo Beijing sites with a focus on energy, water and waste environmental aspects of our sites' business. We passed the audit successfully.

### Lenovo's Real Estate Outside of China

Lenovo's Global Real Estate (GRE) function is responsible for ensuring that the company has the appropriate facilities to support operations worldwide. GRE manages all real estate activities outside of China.

To maintain the appropriate level of real estate agility in our rapidly changing business environment, most of Lenovo's real estate portfolio outside of China is leased, typically for three- to five-year terms. However, with the recent acquisitions of NEC and Medion, the amount of property owned by Lenovo has grown to approximately 920,000 square feet in five locations. As of March 31, 2013, the total real estate portfolio stood at 4,200,000 square feet across 142 locations. Working within the short-term lease horizon at most sites, the GRE team has taken a proactive, comprehensive approach to integrating sustainability into all aspects of site search, leasing, build out, operations and disposition. Guidelines based on the Leadership in Energy and Environmental Design (LEED) green building rating system were developed for staff, consultants and contractors. Lenovo has also developed detailed site search criteria for new locations, and works closely with real estate brokers to find more sustainable sites. During lease negotiations, we seek to broker terms with landlords that enable Lenovo to achieve its sustainability goals and targets while improving the value of the landlord's assets.

At our headquarters campus in Morrisville, North Carolina progress has been made toward the goal of LEED Existing Buildings Operations and Maintenance (EBOM) certification, including an ASHRAE Level II energy audit and the development of a building energy model. A major water conservation project

is also underway: the installation of low-flow fixture retrofits is expected to save approximately 530,000 gallons of water per year. Our buildings in Morrisville are ENERGY STAR® certified as well.

The integration of CCE in Brazil continued with the assimilation of its major sites in Manaus into the GRE portfolio. Comprehensive energy audits of these sites were conducted in recent months to identify potential areas for improvement. In São Paulo, the Lenovo and CCE teams expect to come together to share a new space in a LEED Platinum certified office building. This will be Lenovo's first lease in a building that has attained the highest level of LEED certification.

The results of a FY 2011/12 environmental impact benchmarking study of our 21 largest sites informed the decision to perform energy audits in India, Brazil, Singapore, Malaysia, Slovakia, and the US. Following these audits, multiple energy projects for the sites have also been evaluated, including lighting improvements in Bangalore, India, uninterruptible power supply upgrades in Pondicherry, India, and solar PV in Morrisville and Whitsett, North Carolina. Projects meeting Lenovo's requirements for investment in energy efficiency will be implemented as time and budget allow. The benchmarking effort for FY 2012/13 has been expanded to cover all sites larger than 9,000 square feet, a total of 42 sites, including the recent acquisitions at NEC, CCE and Medion — doubling the number of sites being analyzed for their environmental impact.

Further exemplifying Lenovo's commitment to sustainability education and awareness among all members of the Global Real Estate team, LEED Green Associate training was successfully delivered to regional managers and many local facility managers across the portfolio in FY 2012/13. In Q4 2012, the GRE team began using Jive, a knowledge sharing and collaboration platform. This Web-based tool facilitates inter-team discussion on projects and promotes cross-pollination of ideas on sustainable real estate.

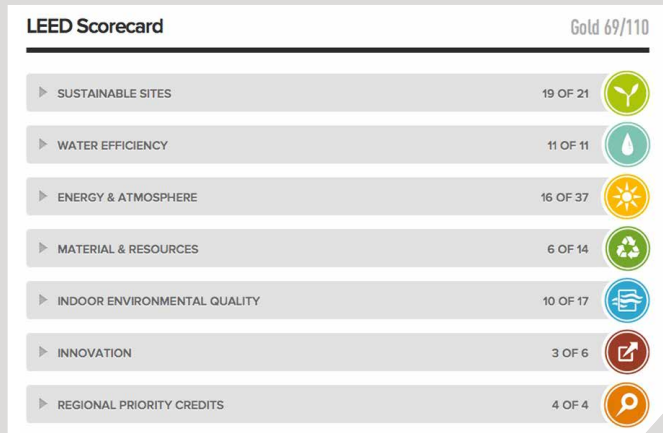
Green features have been implemented at many of Lenovo's buildings, contributing to the reduction of our energy and GHG emissions. The new Lenovo Compal joint venture in Hefei, China, has incorporated several environmental attributes into the building design: high efficiency chillers, energy efficient lights, multi-functional power meters to control energy usage, high efficiency isolative roofing material, a wastewater recycling system and an efficient drinking water system. There are plans to build 40,000 square meters of solar energy equipment on the roof that will also collect rainwater.

## LENOVO'S MILAN, ITALY SITE ACHIEVED LEED GOLD CERTIFICATION

Lenovo's commitment to sustainable office space was demonstrated in March 2013, when our Milan site achieved LEED Gold certification for its Commercial Interiors fit-out.

Lenovo's Corporate Real Estate Organization achieved LEED Commercial Interiors Certification for the new Milan Office. This first for Lenovo was achieved through including green credential in the materials and products selection, the type of interior construction and energy efficiency and efficient water usage of the completed office.

Lenovo achieved LEED Commercial Interiors Gold Certification, with the following scores ([click here](#) to see more detail).



Lenovo's LEED Scorecard

Stephen Higgins, Senior Manager of EMEA Corporate Real Estate said "I learned that LEED can be achieved without necessarily adding cost. If a good selection of building is made, and the correct planning is done, then we can be in a sustainable and energy-efficient location that over time proves to have lower operating costs. This was a very enjoyable project to work on, and sets a benchmark for future developments and locations."

Lenovo is committed to improving green credentials by developing sustainability targets and measurement for Lenovo's property portfolio worldwide.



Lenovo's LEED Gold office in Milan, Italy



## 5.2.8 FY 2012/13 ENVIRONMENTAL PERFORMANCE

### 5.2.8.1 Energy Reductions in Operations

Improving operational energy efficiency is a fundamental element of Lenovo's strategy to meet its GHG reduction targets. Since establishing climate change objectives and targets, Lenovo has implemented over 50 operational energy-efficiency projects worldwide. All sites continue to strive to identify and implement energy-efficiency projects and evaluate the opportunity to implement the use of renewable energy. Throughout the organization, these activities are driven by site energy champions who lead energy teams that help implement energy reduction projects.

During FY 2012/13 Lenovo implemented eleven new energy-efficiency projects including a chiller upgrade in Beijing; AC upgrade, transformer optimization and manufacturing line modification in Shenzhen; lighting automation and timer installation in Chengdu; workshop lighting upgrade in Huiyang; low energy lamps and a solar energy installation in Shanghai.

These projects will generate approximately US \$116,000 in savings per year and reduce energy consumption by 2,000 MWh (7,200 gigajoules [GJ]) annually. It is estimated that the total annual CO<sub>2</sub>e savings will be over 1700 MT CO<sub>2</sub>e.

### Energy Consumption

Lenovo's direct and indirect energy consumption by primary energy source for FY 2012/13 is detailed in Figures 5.2 and 5.3.

**Figure 5.2 Energy Consumption by Primary Energy Source**

Energy Type	Gigajoules
Fuel	62,314.94
Electricity	402,396.51
Steam	44,995.89
<b>TOTAL</b>	<b>509,707.35</b>

**Figure 5.3 Energy Consumption by Primary Energy Source**

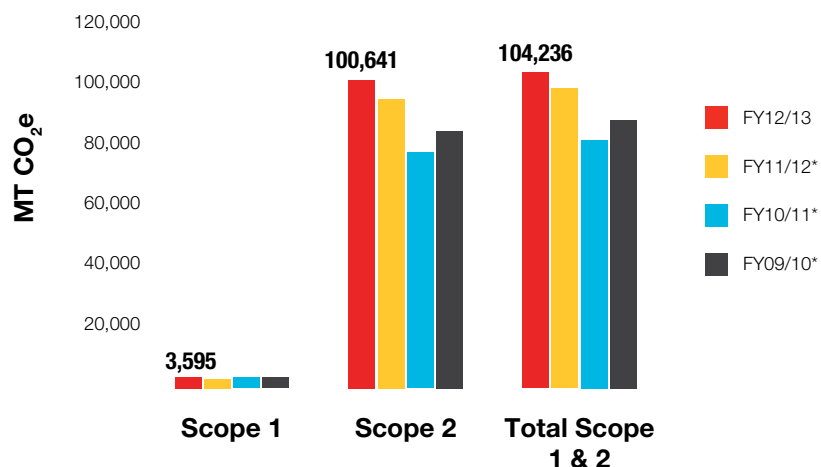
Energy Type	Gigajoules
Gas/Diesel oil (stationary combustion)	4,739.26
Natural gas (stationary combustion)	43,576.26
Liquefied petroleum gas (LPG) (stationary combustion)	8,439.39
On road diesel fuel (mobile combustion)	1,413.70
Gasoline/petrol (mobile combustion)	1,772.95
Liquefied petroleum gas (LPG) (mobile combustion)	79.46
Jet kerosene fuel	2,293.92
<b>TOTAL</b>	<b>62,314.94</b>

### 5.2.8.2 GHG Emissions Performance

Lenovo reports GHG emissions and tracks performance relative to our fiscal year, which runs from April 1 through March 31. Lenovo's GHG objectives and targets are set and tracked relative to a base year of FY 2009/10.

#### A. Lenovo's Global Scope 1, 2, 3 GHG Emissions

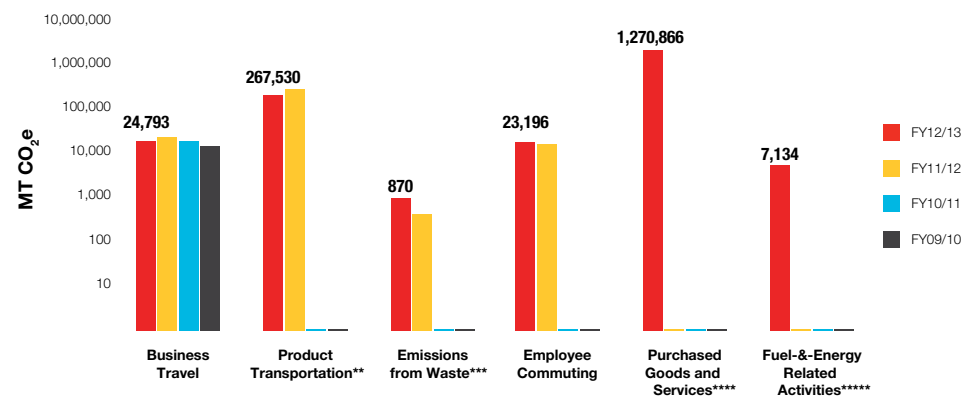
Lenovo's Scope 1 and 2 CO<sub>2</sub>e Emissions Inventory from our base year is detailed in Figure 5.4. Lenovo's Scope 3 CO<sub>2</sub>e Emissions Inventory from our last four fiscal years is detailed in Figure 5.5. The table in **section 2.3** of this report includes Scope 1, 2, and 3 emissions for Lenovo's global operations.

Figure 5.4 Lenovo's GHG Emissions – Scope 1&2<sup>2</sup>

\*At the end of FY 2012/13 Lenovo adjusted its historical CO<sub>2</sub>e emissions data to account for the acquisition of Medion in Germany and joint venture with NEC in Japan.

<sup>2</sup> Scope 1 GHG emissions are calculated based on the purchased quantity of commercial fuel and using published emission factors from DEFRA, US EIA, EPA and 2006 IPCC Guidelines for National Greenhouse Gas Inventories. The worksheets World Resources Institute (2011), GHG Protocol Tool for Mobile Combustion, Version 232 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 and steam. 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 steam and the international emission factors for the relevant country or region (provinces in China, states in the USA). 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 (2012), GHG Protocol Tool for Stationary Combustion, Version 4.4 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.

Figure 5.5 Lenovo's GHG Emissions – Scope 3<sup>3</sup>

\*\* Product transportation emissions include key downstream suppliers representing majority of global logistics spend.

\*\*\* Emissions from waste include non-hazardous waste, hazardous waste and waste water from all manufacturing and R&D locations. No product waste is included.

\*\*\*\* Emissions from purchased goods and services include suppliers covering 95% of direct global suppliers spend.

\*\*\*\*\* Emissions from fuel-and-energy related activities include transmission and distribution losses from worldwide used electricity and natural gas.

<sup>3</sup> Scope 3 GHG emissions are estimated based on the guidance of the Greenhouse Gas Protocol's Value Chain (Scope 3) Accounting and Reporting Standard and its supplement named the Greenhouse Gas Protocol: Technical Guidance for Calculating Scope 3 Emissions (version 1.0).

**Figure 5.6 Lenovo's GHG Emissions Inventory Specifics**

<b>Base Year</b>	FY 2009/10	April 1, 2009 - March 31, 2010
<b>Boundary</b>	Organizational	Operational control approach
	Operational	Scope 1, 2 and 3 in worldwide manufacturing, research & development sites and office locations
<b>Scope</b>	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, product transportation, employee commuting, emissions from waste, purchased goods and services and fuel-and-energy related activities
<b>Greenhouse Gases</b>	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>

[Click here](#) to see more of Lenovo's global environmental data.

Lenovo's Scope 1, 2 and 3 absolute emissions increased during FY 2012/13. The Scope 1 and 2 emissions increases were due to organic growth and the acquisition of the German electronics company Medion, and entry into a joint venture with NEC, Japan. However, Lenovo's emissions intensity improved when measured against total revenue, employee population and unit of production.

Increases in Scope 3 emissions were driven by our more comprehensive reporting of Scope 3 categories Lenovo reports and increases in employee population and production. In addition to business travel, emissions associated with product transportation, site waste and employee commuting, Lenovo now also reports emissions from purchased goods and services and fuel-and-energy related activities not included in Scope 1 or 2.

## B. Lenovo's Global Scope 1 and 2 GHG Emissions by Country

Lenovo's Scope 1 and 2 breakdown by country for FY 2012/13 is detailed in Figure 5.7.

**Figure 5.7 Lenovo's GHG Emissions (MT CO<sub>2</sub>e) – Scope 1&2 – by Country<sup>4</sup>**

Country	Country Total Scope 1	Country Total Scope 2
China	1,800.98	64,352.98
Germany	332.84	1,266.66
India	105.74	1,210.01
Japan	435.19	3,751.54
Mexico	123.35	2,464.37
United States	383.40	5,789.05
Rest of World	413.33	21,806.20
<b>TOTAL</b>	<b>3,594.83</b>	<b>100,640.81</b>

<sup>4</sup> China, Germany, India, Japan, Mexico and United States represent manufacturing and R&D sites in these countries. "Rest of World" represents all real estate sites across the world.

## C. Lenovo's GHG Emissions Objectives and Targets

Lenovo's milestone of reducing Scope 2 emissions by 13 percent relative to FY 2009/10 and offsetting or eliminating all Scope 1 emissions was achieved by March 31, 2013 and was accomplished by:

- Implementing energy efficiency projects at our facilities (low energy lighting in Huiyang, Chengdu and Shanghai, China and Yokohama, Japan; AC control optimization in Beijing, Shenzhen and Chengdu, China).
- Installing a solar array at our manufacturing plant in Shanghai, China, which generated 209,835 kWh of solar energy, between July, 2012 – March, 2013, representing between 10-15 percent of the site's annual electricity consumption and targeted to reduce GHG emissions by more than 400 MT CO<sub>2</sub>e yearly.
- Purchasing carbon offsets (4,000 MT CO<sub>2</sub>e), Renewable Energy Credits (35,303 MWh) and offsetting electricity consumption (5,457 MT CO<sub>2</sub>e) in Chengdu by investing in a biomass-to-energy project.

We are exploring opportunities to take energy efficiency and GHG emissions reductions to the next level and looking into the following options:

- Performing comprehensive energy audits to identify opportunities at manufacturing and research and development sites and develop action plans for actual energy and cost savings.
- Putting aside financial sources in the form of a “green fund” that would be used for energy and GHG gas reduction projects.
- Establishing an internal carbon charge program that would make each business unit responsible for its own emissions and targeted reductions.

Lenovo is considering each of these approaches and others as we chart our future course in continuing to achieve the milestones in our 10-year initiative to reduce Scope 2 GHG emissions. Our next milestones are to reduce emissions by 16 percent relative to FY 2009/10 by March 31, 2016 and 20 percent relative to FY 2009/10 by March 31, 2020.

**Click here** to view Lenovo's Climate Change Objectives and Targets, or visit <http://www.lenovo.com/climate> and follow the link from there.

Energy and GHG emissions data for all four years included in our reporting (beginning with the baseline year FY 2009/10) was third-party verified.

**Click here** to view the FY 2012/13 GHG Verification Statement, or visit <http://www.lenovo.com/climate> and follow the link from there.

Lenovo began disclosing GHG gas emissions, climate change strategies and climate change risks and opportunities assessments 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). The CDP disclosure includes considerations for the financial implications of climate change to Lenovo, which are quantified to the best of our ability based on current information.

Lenovo achieved a CDP 2013 Carbon Disclosure Score of 94 (out of possible 100), which assessed the quality and comprehensiveness of Lenovo's carbon reporting. In addition, CDP placed Lenovo in the performance band A (out of the following bands: A, A-, B, C, D and E), which evaluated Lenovo's actions on combating climate change such as climate change mitigation, adaptation, and transparency.

## D. Additional GHG Emissions Performance and Related Initiatives

### End-of-Life:

We estimated<sup>5</sup> that Lenovo avoided more than 27,050 MT CO<sub>2</sub>e thanks to recycling end-of-life electronic products in FY 2012/13.

### Suppliers:

Lenovo continues to participate in the development and implementation of EICC's carbon/water reporting tool for top Tier 1 suppliers. Based on our suppliers' Scope 1 and 2 GHG emissions reported for 2011, it was estimated that the emissions allocated to Lenovo from 95 percent of our direct spend (44 key suppliers) was approximately 1,270,000 MT CO<sub>2</sub>e.

### Transportation:

During FY 2012/13, Lenovo began collecting and calculating product transportation emissions data via DHL company's GoGreen Carbon Dashboard. Emissions from air and ocean international transport were estimated based on the shipment data received from four key Lenovo carriers, which represent the majority of worldwide global logistics spend. We have plans for future work in this area as follows:

- expand emissions data collection to additional key suppliers
- include domestic transport to the inventory
- look more closely into upstream transportation and distribution emissions

### Employee Commuting:

Lenovo' sites in Beijing have engaged with the World Bank on their “Spontaneous Promoting Green Travel” project. As part of this program, the Lenovo Beijing site launched an employee carpooling communication platform and employee green travel survey to learn about the commuting practices of their 10,000 employees. Based on the results, Lenovo's Green Travel Project Team in Beijing has provided guidance to employees on how to take advantage of more environmentally friendly travel means such as carpooling. They are promoting

<sup>5</sup> US Environmental Protection Agency Waste Reduction Model (WARM, February 2012)'s emission factor of 2.35 MT CO<sub>2</sub>e per short ton was used for the estimate - [http://www.epa.gov/climatechange/waste/calculators/Warm\\_home.html](http://www.epa.gov/climatechange/waste/calculators/Warm_home.html).

carpooling among Beijing employees through an internal “Green carpooling: Changing together” activity. So far, 140 employees have joined the carpooling program, which contributed to reducing GHG gas emissions by 10-17 metric tons. Lenovo plans to further promote carpooling through additional activities, engage with local communities in promoting carpooling and promote Lenovo’s lessons learned and best practices to other enterprises.



Lenovo’s “Green Carpooling. Changing Together” meeting where first 25 drivers and 15 passengers joining the carpooling program received awards

Please see Lenovo’s carpooling platform as a feature story on the World Bank website: <http://www.worldbank.org/en/news/feature/2013/04/05/Online-Carpooling-Platform-Makes-Commuting-Greener>

#### Fuel-and-Energy Related Activities:

Lenovo included transmission and distribution (T&D) losses from Lenovo’s worldwide used electricity and natural gas in the category “Fuel-and-energy related activities (not included in Scope 1 or 2).” T&D loss rates for electricity by country listed in the World Bank database and natural gas loss mentioned in the ENERGY STAR Performance Rating document were used for final emissions calculations.

### 5.2.8.3 Operational Waste Management

#### Managing Non-Hazardous 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, and some large office locations worldwide, achieved a reuse/recycling rate of 90 percent during FY 2012/13. Detailed in the following chart is the generation of solid waste during the last four fiscal years and disposition of solid waste in FY 2012/13 from these facilities.

Figure 5.8 Non-Hazardous Waste

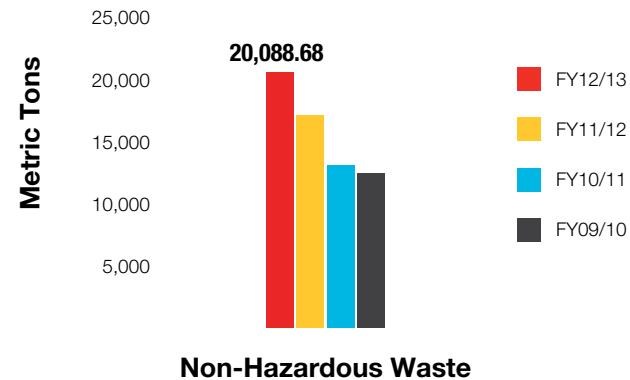
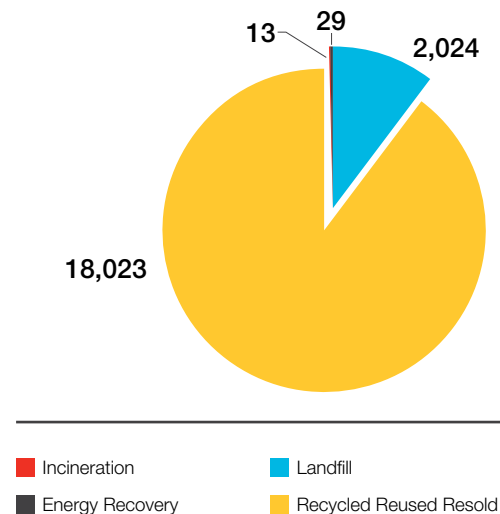


Figure 5.9 Non-Hazardous Waste Disposition





## Managing Hazardous Waste

Lenovo operations generate minimal quantities of hazardous waste. Hazardous waste generated at operational facilities includes oils, coolants, organic solvents, 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 Lenovo audit process. During FY 2012/13, Lenovo neither imported nor exported any hazardous waste. During this reporting year, there were no significant spills.

**Figure 5.10 Hazardous Waste**



The FY 2012/13 waste data was third-party verified. [Click here](#) to see the FY 2012/13 Waste Verification Statement, or visit <http://www.lenovo.com/waterandwaste> and follow the link from there.

### 5.2.8.4 Other Environmental Aspects

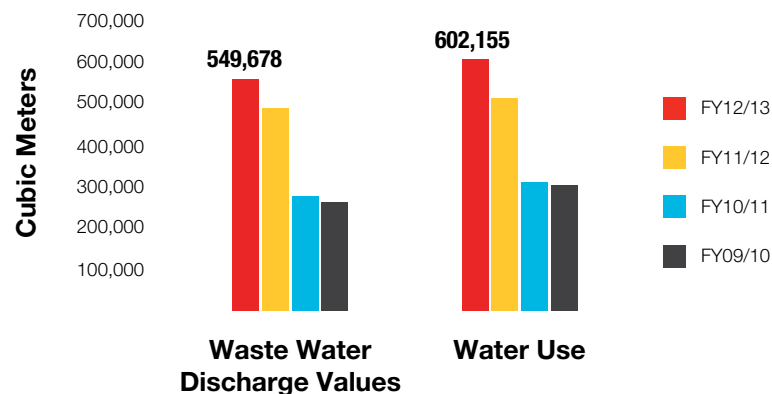
#### Water Resources

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 and recycle water, but this metric is tracked. We do however identify and implement opportunities to reduce the amount of water we consume. In Morrisville, North Carolina, US, 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 also installed water-efficient fixtures in restrooms in numerous facilities around the world. During FY 2012/13, the manufacturing facility in Chengdu implemented smart drinking water timers. Detailed in the chart below is the water use at Lenovo's manufacturing and R&D facilities, and some large office locations over the past four 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.

**Figure 5.11 Water Use and Discharge**



The FY 2012/13 water data was third-party verified. [Click here](#) to see the FY 2012/13 Water Verification Statement, or visit: <http://www.lenovo.com/WaterandWaste> and follow the link from there.

Lenovo continues to track water impacts in our supply chain through a water mapping initiative based on annually matching suppliers with the Institute of Public and Environmental Affairs (IPE) database. This work has allowed us to begin tracking the water performance of our suppliers and initiate dialogue regarding opportunities for improved performance and corrective actions for identified compliance issues.

## Other Air Emissions

Lenovo prohibits the use of ozone-depleting substances in our products and manufacturing processes except in HVAC and fire-suppression equipment as permitted by law. Ozone-depleting substances used in HVAC and fire-suppression 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 2012/13, there were no incidents of refrigerant release.

Lenovo does not have significant direct air emissions such as  $\text{NO}_x$  and  $\text{SO}_x$ . In addition, Lenovo has no wet chemical or industrial processes that use volatile organic compounds (VOC) and thus has no point sources of VOC. Household and cleaning products that contain small quantities of VOC are used at some of our facilities but associated fugitive emissions are minimal and are not quantified.

## Biodiversity

Lenovo is not aware of any significant impacts of its activities, products and services on biodiversity including impacts from water discharge and runoff from our operations. Lenovo requires an environmental site assessment for acquisition or divestiture of facilities or real estate. Our internal new project environmental assessment requires an evaluation relative to the potential for impacts on protected habitats or protected or endangered species.

## 5.3 Lenovo's Environmentally Conscious Products Program

Lenovo's commitment to protecting the environment came prior to its establishment as a global company with the acquisition of the IBM PC Division in 2005. Lenovo had already developed technical specifications for PCs that included environmental attributes such as energy efficiency. In addition, all commercial products were designed to meet China's energy-saving targets.

With the globalization of Lenovo's reach, the company took environmental sustainability a step further in 2005 by adopting 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, and is supported by the Global Environmental Affairs Team.

### 5.3.1 PRODUCT MATERIALS

#### 5.3.1.1 Use of Recycled Plastics

##### Laying the Groundwork with Post-industrial Recycled Content

After Lenovo's purchase of IBM's PC Division in May of 2005, our initial use of recycled content plastics was achieved with post-industrial content (PIC) plastics in the molding of ThinkPad bottom covers and ThinkCentre and Workstation bezels. In some cases, these materials were also used to manufacture select internal parts (e.g., card stiffeners). This success was critical in gaining the confidence of Lenovo product development teams and suppliers in using engineered recycled content plastics and overcoming the misconception that these materials were inferior. The key to Lenovo's success in this area was in selecting quality PIC sources and working with the plastics manufacturers and compounders to engineer PIC recycled plastics with equivalent properties and performance to that of the prime material targeted for replacement. One mistake or failure would have severely damaged future

chances of success, so each PIC recycled material went through extensive qualifications and an application selection process to ensure an acceptable match. From May 2005 to year-end 2009, Lenovo suppliers used over 1.5 million net pounds of PIC recycled plastics in the manufacture of Lenovo products, resulting in a number of environmental benefits. Based on this success, Lenovo and selected PIC recycled plastic suppliers began to develop and qualify new grades of recycled plastics with post-consumer content (PCC) plastics in 2007. Lenovo continued to use PIC recycled plastics until the end of 2011, but their use in Lenovo products rapidly declined as qualified PCC recycled plastics became available and Lenovo's product development teams began to use these environmentally preferred materials to satisfy corporate environmental objectives and targets, meet new customer requirements, and achieve EPEAT™ Gold registrations for our products.

Using these engineered plastics not only saves the natural resources and energy that would have gone into manufacturing new plastics, but also diverts both PCC and PIC from landfills. These environmental benefits are achieved while still creating a product that meets Lenovo's high performance standards.

##### Continued Improvement in Recycled Content Usage

Newly released products that meet EPEAT™ PCC usage thresholds (10 percent or greater) include the ThinkVision® LT1953 (31.5 percent) ThinkPad® Edge E435 and E535 (12 percent), ThinkCentre® M78 SFF (43 percent), and the ThinkStation® C30 Workstations (10 percent). Additionally, PCC material use has been implemented and/or planned in a number of select ThinkPad and IdeaPad notebook computers at levels of one to eight percent where technically feasible.



ThinkVision® LT1953

ThinkPad® Edge E535

ThinkStation® C30

ThinkCentre® M78 SFF

To overcome the continuing challenges of using recycled content in the design and manufacture of PC Plus products, especially notebooks, tablets and smartphones, Lenovo's team of engineers works closely with our PCC suppliers to develop and qualify new grades of plastic resins previously unavailable to the IT industry. Using PCC in IT products presents significant challenges due to the unique structural, performance and cosmetic requirements associated with these applications. Depending on the final application requirements, the plastic resins contain between 10 percent and 85 percent PCC. Some plastic resins also contain up to 20 percent PIC. All of these materials receive environmental and performance qualifications prior to their approval and use in Lenovo product applications.

### Recycled Content Usage to Date

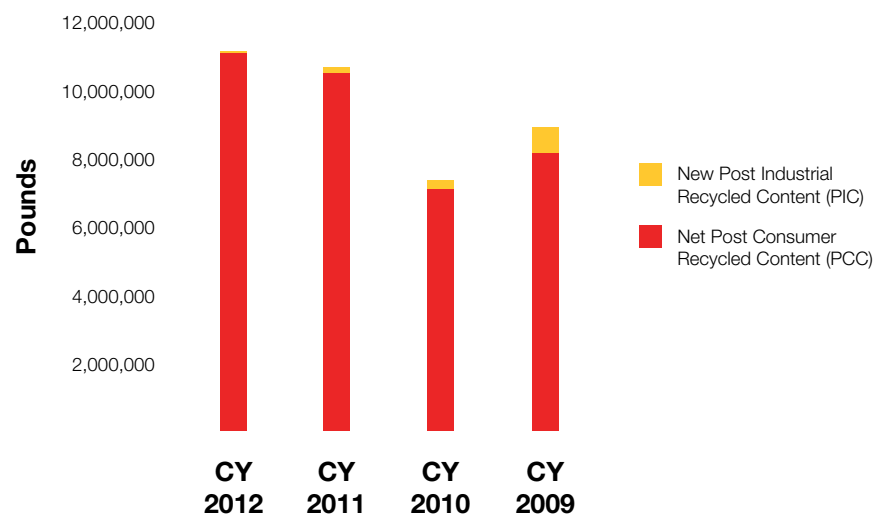
Since early 2005, Lenovo has used over 109 million pounds (gross) of plastic materials containing PCC and/or PIC in its products, with net PCC of over 42.7 million pounds and net PIC of over 1.8 million pounds. In 2012, Lenovo used nearly 23.2 million pounds (gross) of recycled plastics with net PCC of over 11 million pounds. To continue this momentum, Lenovo challenged its product teams to incorporate some amount of PCC into every PC product released by the end of fiscal year (March 2013) and increase each business unit's use of PCC by 10 percent year-to-year. To encourage the focus of Lenovo's product groups on achieving the objective of increasing the use of these environmentally preferred materials and to reflect the maturation of this program, the following new targets were established for fiscal year 2012/13:

- 100 percent of products released after March 31, 2013, will contain at least 5 percent PCC relative to total plastics weight.
- Increase the percentage of PCC (relative to total plastics weight) by 10 percent for all new products released after March 31, 2013. The percentage increase is measured relative to the previous generation of the product.

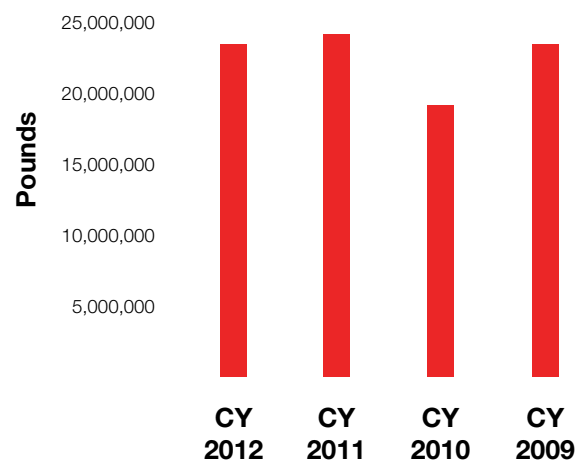
In CY 2012, Lenovo used 23,248,922 pounds gross of recycled content plastics with 48 percent of that total being net post-consumer and post-industrial plastics.

The following graph shows Lenovo's annualized use of PCC and PIC plastics over the past four years:

**Figure 5.12 Annualized use of Recycled Plastics**



**Figure 5.13 Annualized use of Plastics Containing Recycled Content**



### 5.3.1.2 Other Materials of Interest

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. Some examples include:

- All product lines adhere to the 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 volatile organic compound (VOC) emissions, non-solvent based powder coatings are used for decorative painted parts wherever practical.

Lenovo supports a precautionary approach, ensuring that appropriate actions are taken even if 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 and 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. This includes the prohibition of ozone-depleting substances in all applications and the elimination of materials covered under European Union (EU) Restriction on Hazardous Substances (RoHS) and Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) even 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/RoHS\\_Communication.pdf](http://www.lenovo.com/social_responsibility/us/en/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<sup>1</sup> Brominated Flame Retardants (BFRs) and PVC, and is committed to driving its supply chain toward this goal. Lenovo has made significant progress toward the elimination of PVC and BFR from our systems. The focus continues to be on eliminating halogen from our top selling products and across as many commodities as possible. Highlights from 2012 include the following:

- Elimination of most PVC and BFR from ThinkPad notebooks. PVC is only used in power cords and cables. BFRs are used in power cords, cables, AC adapters, battery packs, planar ASMs, subcards, connectors, and some modular parts. In addition, many high volume ThinkPad notebooks have low halogen printed circuit boards.
- Many ThinkPad Edge products including the E430, E435, E430c, E530, E530c, and E535 are low halogen with the exception of the power cord and adapter.

<sup>1</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)."



- Many Lenovo commercial monitors meet the iNEMI definition of low halogen with the exception of their PCBA and external cables.
- Many Lenovo IdeaVisual monitors are low halogen except the PCBs and cables.
- Lenovo ThinkCentre desktops have low halogen chassis and CPUs.

Lenovo has completely phased out 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, all plastic enclosures; most components and connectors (with the exception of printed board laminates); all mechanical plastic parts such as product covers, housings, bezels, etc.; and many hard disk drives, optical disk drives, solid state drives, LCD screens, memory, CPUs, chipsets, communication cards, and other commodities have offerings that meet the iNEMI definition of low halogen.

Lenovo plans to release additional BFR and PVC-free models across the Think and Idea 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. 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. 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 4th 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, nongovernmental 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.

### 5.3.2 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 emissions. A new IDC (International Data Corporation) report, titled 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 is now part of The Green Grid, whose member companies advocate and promote energy-efficient computer products globally.

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

### 5.3.3 ENVIRONMENTALLY RESPONSIBLE PRODUCTS

Product environmental leadership is a fundamental component of Lenovo's environmental policy. This policy requires each of our product groups to develop, manufacture, and market products that are energy efficient and that minimize their impact on the environment. Lenovo is an industry leader with respect to energy efficient products, the use of environmentally preferred materials and green product packaging.

Lenovo designs its products to maximize their product lifecycle and offers three year standard warranties and five years of replacement parts availability on many of our top selling commercial products to support this extended lifecycle. Three year warranties are offered as the base warranty on many top selling Think branded products, including all commercial monitors, T series notebooks, M series desktops, and many others. In addition, customers can purchase warranty upgrades of to extend the base warranty by one or two years for many products. Base warranties for Lenovo consumer (Idea) products vary by product type and geography, but typically start at 1-2 years for the base warranty with the option for many products to purchase an extended warranty. For more details on Lenovo's warranties, please [click here](#).

Lenovo also designs innovative features into our products to help extend the products' useful life, including Lenovo Longevity Battery Technology which extends notebook battery cycle life through key technologies including:

- **Increased usage of Lithium Polymer cells:** used in notebooks and tablets with embedded batteries, these cells typically provide longer life cycles than lithium ion cylindrical cells
- **Three year batteries:** available in some ThinkPad models, these batteries are warranted for three years and are designed to last 2-3 times as long as a standard battery. The longer lifespan is made possible due to carefully selected cells and charge algorithms.
- **Dual mode charging algorithms:** these technologies adjust charge voltage and current over time to prolong the battery's lifespan.
- **Field updateable battery firmware:** customers can download a firmware update utility which allows them to apply firmware fixes to batteries in service, eliminating the need to replace batteries due to firmware problems.

This program allows customers to apply fixes quickly and at no cost, even on batteries outside of warranty.

- **Optimized battery storage modes:** provide optimum storage to reduce battery aging. These features allow the power management application of ThinkPads and IdeaPads to detect if a user is operating on AC power and rarely using the battery. If this is detected, the application discharges the battery to optimal levels to extend the battery lifespan.

Lenovo offers end-of-life recycling and management programs for both business and consumer customers. As a global company, Lenovo offers programs in many countries around the world. Specific offerings are tailored to your specific geographic location and business need. Free product recycling is offered to consumers in some locations. Please visit our recycling program page for additional recycling information.

### 5.3.4 PRODUCT PACKAGING

Lenovo is committed to offering environmentally preferable packaging for its products. Over the past several years, Lenovo has had a strong focus on increasing the use of recycled and recyclable materials in packaging, reducing the size of packaging, and expanding the use of bulk and reusable packaging solutions. Since 2008, Lenovo has eliminated over 1,200 tons of packaging consumption by weight through design optimization and refinement across all Lenovo product shipments, with 200 tons of material packaging consumption reduction during FY 2012/13 alone.

Beginning in 2008 with the ThinkCentre M58/58p ECO USFF desktop PC, Lenovo has implemented the use of 100 percent recycled and recyclable packaging material on many products. The new packaging material, made from 100 percent recycled thermoformed cushions, enables PCs to be stacked together and requires less packaging material. This new material also helps minimize shipping costs. In addition, on many Lenovo notebook product lines, Lenovo has implemented the use of 100 percent post-consumer molded fiber (paper pulp) packaging, which can typically be readily recycled in municipal waste streams. Lenovo discourages the use of polystyrene packaging wherever possible, and encourages the use of molded pulp, fiber and LDPE. For more

information about the process for making and recycling LDPE thermoformed cushions, [click here](http://www.lenovo.com/packaging) or go to <http://www.lenovo.com/packaging> and follow the link from there.

Lenovo continues to drive increases in the use of recycled content materials in product packaging. For example, all Think product primary carton boxes are certified to contain a minimum of 50 percent post-consumer fiber content and required to use the maximum available post-consumer material where adequate supplies exist and without compromising required packaging performance characteristics. For overall corrugated box packaging, the recycled content averages more than 70 percent. Lenovo has also transitioned 95 percent of ThinkPad products to recycled cushioning materials with the ThinkPad Edge using 100 percent recycled cushioning materials. Printing on boxes is done via flexography with water-based, non-toxic, RoHS-compliant inks.

Lenovo has a strong focus on reducing the size of our packaging to minimize the amount of materials used while maintaining adequate protection for our products. Smaller packages also contribute to increased pallet density, enabling Lenovo to increase pallet density by over 33 percent in many cases. Lenovo uses reusable bulk packaging in our own internal operations for the transportation of chassis to manufacturing locations. In addition, bulk packaging and reusable bulk packaging may be available for many of Lenovo's products for customers in many geographies.

## Reuse

Lenovo provides the end customer an optional returnable packaging service, where the packaging materials can be sent back to Lenovo after receiving the products and reused for new shipments by Lenovo. Lenovo is also devoted to the reuse of incoming component packaging, especially in the return of chassis packaging.

## Reducing Paper

Lenovo has also eliminated the use of multi-page user manuals shipped with many of our products. For example, with our line of PC options and accessories, Lenovo was able to condense 50-page user manuals into one-page posters. This single action allowed Lenovo to save approximately 350 million printed pages per year.

## Packaging Objectives and Targets

Packaging has been identified as a significant environmental aspect of Lenovo's operations, and as a result, it remains a focus item under Lenovo's environmental management system (EMS). Lenovo's primary EMS packaging objective is to "Minimize the consumption of packaging material while driving the use of environmentally sustainable materials." Targets in support of this objective were achieved during 2012/13 as follows:

### Fully Met:

- Increase the use of environmentally preferable packaging materials in a minimum of 12 products by December 31, 2012
- Reduce the quantity of packaging material used for a minimum of five products by March 31, 2013
- Increase the package pallet density by at least 15 percent for two products by March 31, 2013

### Partially Met:

- Implement at least two innovative customer reuse applications for Lenovo product packaging

For FY 2013/14, Lenovo plans to update targets as follows:

- Survey suppliers to determine Forest Stewardship Council (FSC) certified and recycled content status of Lenovo fiber purchases by October 1, 2013
- Set goals related to FSC and recycled content purchases of fibers used in Lenovo packaging and publications for FY14/15 by March 31, 2014
- Eliminate 300 tons of packaging material consumption through design optimization
- Continue to increase use of 100 percent post-consumer packaging material globally
- Reduce airfreight costs and emissions through implementation of light-weight pallet (7-8kg)

## Packaging Specifications

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

products for Lenovo packaging. Lenovo is currently in the process of assessing the global availability of FSC-certified packaging to support manufacturing facilities in all geographies.

## ThinkPad Green Highlights

To demonstrate a specific example of our environmental commitments stated in the above sections, please see a case study of our one product family — ThinkPad.

### ENVIRONMENTALLY FRIENDLY ACCOMPLISHMENTS OF LENOVO'S THINKPAD PRODUCTS DURING FY 2012/13

#### Energy

- Developed products that met requirements of ENERGY STAR, Japan Energy Saving Law, China Energy Label and California Battery Charging Systems Regulation.
- Calculated Product Carbon Footprint of Lenovo's typical laptop.

#### Indoor Air Quality

- Developed products that achieved GREENGUARD certification.

#### Post-Consumer Content (PCC)

- Every ThinkPad is using PCC.
- Had at least 10 percent PCC usage in eight products released in FY12/13.
- Investigated other opportunities than system covers for FY12/13 or later implementation.

#### UL Environment

- ThinkPad X, T, W, L and S series got UL Environment certified (14 products).

#### Packaging

- Minimized packaging size for selected products.
- Used 100 percent recycled molded pulp & thermoformed LDPE cushion.
- Further investigated using bamboo pulp.

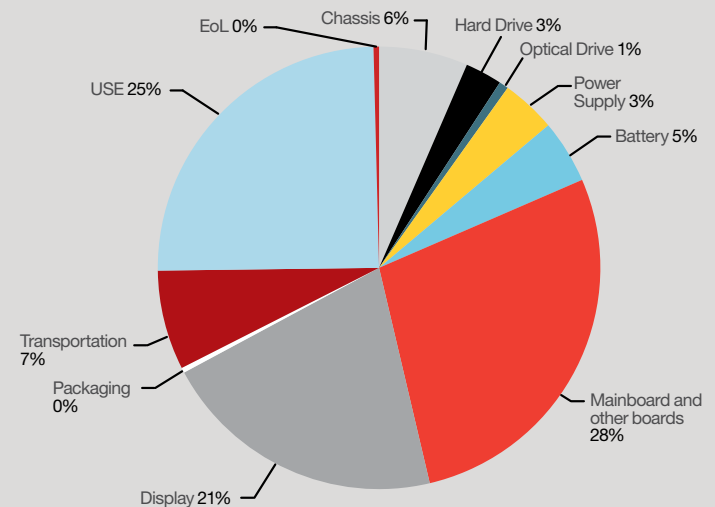
#### Low Halogen

- Became low-halogen for all products and accessories except power-related parts such as AC adapters, power cords and battery packs (not all).

Examples of products:



PCF of typical Lenovo notebook:  
345 kg of CO<sub>2</sub>e +/- 15%



Examples of Packaging Material



### 5.3.5 ENVIRONMENTAL AFFAIRS CONFERENCE FOR LENOVO'S SUPPLIERS

Lenovo meets annually with its primary suppliers and shares strategies and requirements. In May 2012 Lenovo hosted a worldwide Supplier Conference in Chengdu, China with over 1,200 suppliers in attendance. Our senior executives from our Global Supply Chain, Senior VP of Product Group/Sustainability Executive as well as other Environmental Affairs team members mentioned the importance of Climate Change and a Sustainable Supply Chain. More detailed discussions about Lenovo's Climate Change Strategy and how our supply chain contributes to the overall metrics were discussed in break-out sessions. Finally, our Chairman concluded with a statement about Lenovo's expectations for our suppliers' with respect to the importance of a Sustainable operation.

In addition, Lenovo held a "Lenovo Environmental Affairs and Specifications Communication" conference for over 500 suppliers in Beijing, Shanghai and Shenzhen, China in October 2012. The purpose of the conference was to discuss environmental protection laws, regulations and standards and provide guidance to Lenovo suppliers on how to improve product quality and enhance development of green products to meet or exceed regulatory requirements, Lenovo's specifications and consumers' demand. Lenovo's global supply chain vice president emphasized that green is one of the most important elements for ensuring Lenovo's competitiveness in becoming an industry leader and pioneer of environmental protection.



Lenovo Environmental Affairs and Specifications Communication Conference, October 2012



## 5.4 Product End-of-Life Management (PELM)

At Lenovo, PELM includes the reuse, refurbishing, de-manufacturing, dismantling, reclamation, shredding, recycling, treatment and disposal of products, parts, and peripherals when they are taken out of service, reach end-of-life and/or are scrapped. This includes the recovery and reuse of products, parts subassemblies and components, including scrap electronic and electrical components such as disk drives, printed wiring boards, power supplies, and cables and cords. Lenovo-branded and non-branded products owned or accepted by Lenovo (including customer returns or take-back) are included in this definition.

### 5.4.1 KEY ELEMENTS OF PELM

Lenovo supports efforts to reduce the volume of end-of-life electronic products being disposed of in landfills, as well as efforts 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 life cycle 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>.

### 5.4.2 ACHIEVEMENTS

Significant achievements in Lenovo's product end-of-life management include the following:

- **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, notebooks, monitors and servers, ThinkPad notebooks, ThinkCentre PCs and ThinkVision Monitors.
- **2007** – Lenovo launched a free take-back and recycling program in India for the same products mentioned above.
- **2009** – Lenovo launched Asset Recovery Services to provide secure and environmentally sound return and processing of products replaced by Lenovo business customers, with coverage in over 40 countries. This offering is maturing with increased annual customer returns — with over 80 percent of returns being processed for reuse rather than disposal.
- **2011** – The free product take-back and recycling program in the United States was enhanced to provide increased collection opportunities, including at-home pickup.
- **2012** – Lenovo avoided over 30,000 MT of CO<sub>2</sub>e emissions due to using PCC and PIC plastics in Lenovo's machines during CY 2005-2012.

### 5.4.3 PRODUCT TAKE-BACK PROGRAMS

As a global company, Lenovo offers end-of-life recycling and management programs for both consumer and business customers in many countries around the world. Offerings are tailored to the specific location and business need and include programs for recycling products as well as packaging and batteries in many geographies.

For example, in FY 2012/13 Lenovo launched newly enhanced programs in India and Colombia to help customers more conveniently recycle their used IT products. In India, consumers can return end-of-life equipment to more than 70 drop-off locations around the country operated by Lenovo's approved recycling partner. In addition to the collection points, our recycling partner offers over 1,700 additional locations where pick-up services are available. In Colombia, Lenovo is a member of the EcoCómputo recycling program, which offers drop-off recycling in 30 locations in supermarkets, electronics retailers, and shopping centers in Bogota, Medellin, Cali, and Barranquilla.

Customers can obtain information about Lenovo's recycling programs and details on offerings by country 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>.

#### 5.4.4 MANAGEMENT OF LENOVO'S PELM SUPPLIERS

Lenovo maintains an extensive program for ensuring that 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 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 recommendations 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 for use by all Lenovo organizations, sites and programs worldwide in Lenovo's internal database
- 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, end of lease, 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.

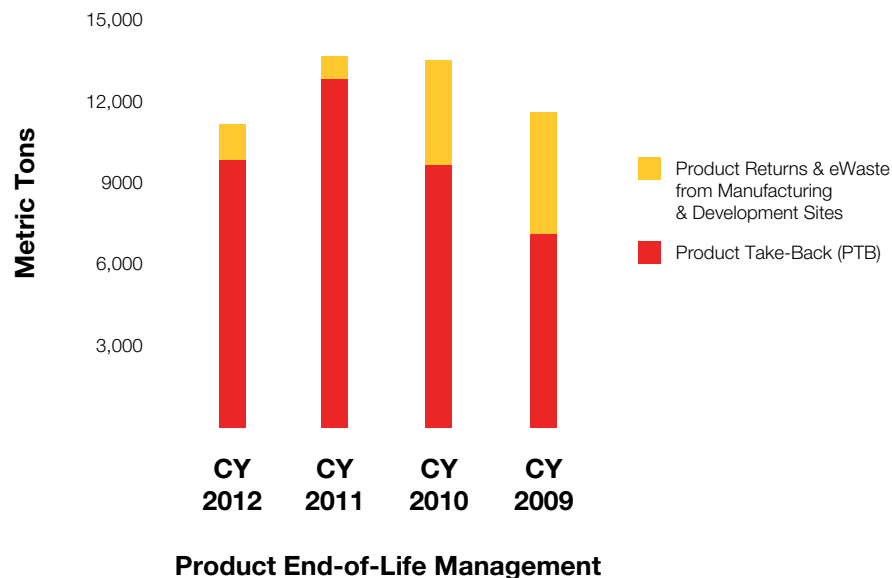
Additionally, Lenovo incorporates specific environmental terms and conditions into contracts and agreements with all of these suppliers. Approved and contracted facilities are required to submit regular environmental reports documenting the total quantities of equipment and e-waste collected and processed on behalf of Lenovo and Lenovo customers, including the identification of methods of disposition and their percentages. Periodic follow-up audits are also completed to ensure continued compliance to legal and Lenovo environmental requirements.

### 5.4.5 RECOVERY AND RECYCLING TRENDS

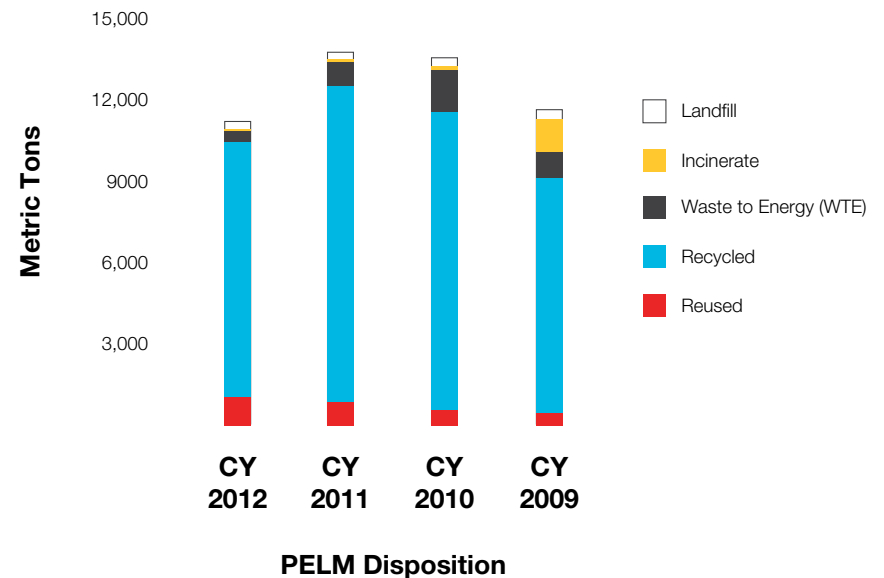
During the 2012 calendar year, Lenovo financed or managed the processing of more than 13,100 metric tons, equivalent to more than 24.5 million pounds, of Lenovo-owned and customer-returned computer equipment. Of this total, 9.8 percent was reused as products or parts, 84 percent was recycled as materials, 3.2 percent was incinerated with waste-to-energy recovery, 0.3 percent was incinerated as disposal treatment and only 2.7 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 landfills, and maximize reuse and recycling.

Since Lenovo's establishment as a global company in May 2005, we have processed more than 107,800 metric tons, or 238 million pounds, of computer equipment through our contracted service providers. Trends for the most recent three calendar years look like this:

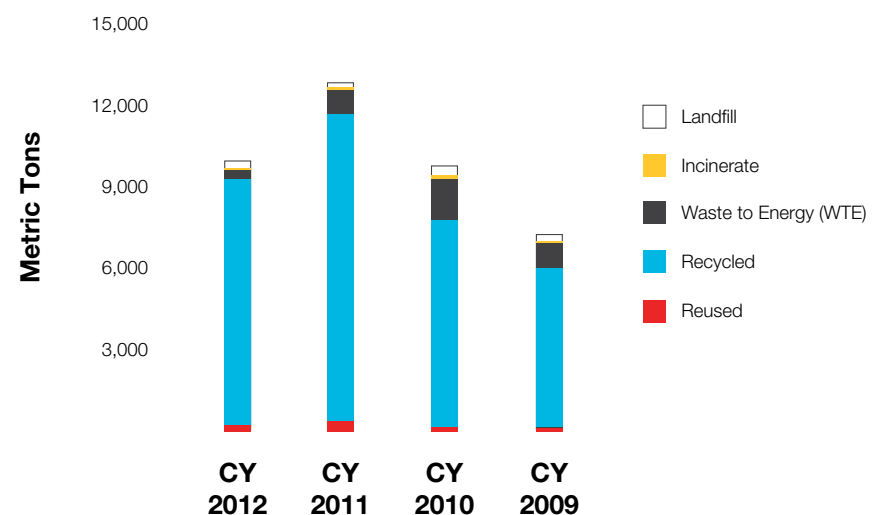
**Figure 5.14 Recovery and Recycling Trends (PELM)**



**Figure 5.15 Product End-of-Life Management Disposition**

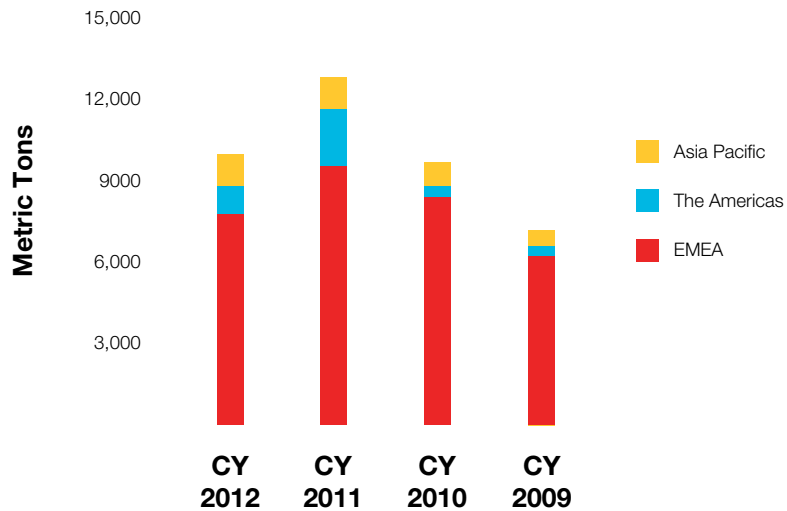


**Figure 5.16 Product Take-Back (PTB) Disposition**



Our customers have shown considerable interest in our recycling programs. In 2012, customer returns constituted more than 9,877 metric tons, or more than 21.7 million pounds. Our 2012 performance includes data from Lenovo's Asset Recovery Services offered to large enterprises, along with data from Lenovo's other voluntary and legally required product take-back programs for consumers and businesses. The recycled customer returns in 2012 represent 7.1 percent of the total weight of new products put on the market in 2008. Figure 5.17 illustrates customer returns by geography.

**Figure 5.17 Product Take-Back (PTB) by Geography**



# APPENDIX

- 6.1 Lenovo Corporate Reference Documentation
- 6.2 The Global Reporting Initiative
- 6.3 UN Global Compact Coverage Table
- 6.4 Feedback



## 6.1 Lenovo Corporate Reference Documentation

Following 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 maintains current copies of many of the policies, certifications, verification statements, and other documents mentioned in this report online. Please visit [http://www.lenovo.com/csr\\_resources](http://www.lenovo.com/csr_resources) to access these resources.

### Lenovo Corporate Policies

The following Lenovo policies and practices are available on our website (or go to <http://www.lenovo.com/CSRPolicies>):

- 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*

### Disclosures

- REACH: SVHC Disclosure
- Lenovo's Product Mercury statement
- Lenovo's Progress on RoHS
- Lenovo Statement concerning WEEE

### ISO and OHS Certificates and Verification Statements

- ISO 9001 Certificate
- ISO 14001 Certificate
- OHSAS 18001 Certificates
- Lenovo GHG verification statement for FY 2009/10
- Lenovo GHG verification statement for FY 2010/11
- Lenovo GHG verification statement for FY 2011/12
- Lenovo GHG verification statement for FY 2012/13
- Lenovo Waste and Water verification statement for FY 2011/12
- Lenovo Waste and Water verification statement for FY 2012/13

## Lenovo Sustainability 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 – Waste and Water <http://www.lenovo.com/waterandwaste>
    - 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\\_investments](http://www.lenovo.com/social_investments)
  - Global Supply Chain [http://www.lenovo.com/supply\\_chain](http://www.lenovo.com/supply_chain)
  - Sustainability Reports <http://www.lenovo.com/sustainability>
  - Resources Page [http://www.lenovo.com/csr\\_resources](http://www.lenovo.com/csr_resources)

## 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 Lenovo's reporting for many years. We have self-assessed our FY 2012/13 Sustainability Report as meeting the requirements GRI Application Level A. The table below 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 <b>OUTPUT</b>	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 <b>OUTPUT</b>	Not Required		Management Approach Disclosures for each Indicator Category		Management Approach Disclosures for each Indicator Category	
	G3 Performance Indicators & Sector Supplement Performance Indicators <b>OUTPUT</b>	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 regard to the Materiality Principle by either: a) reporting on the indicator or b) explaining the reasons for its omission.	

\*Sector supplement in final version

**LENOVO GRI COVERAGE TABLE****STANDARD DISCLOSURES PART I: Profile Disclosures****1. Strategy and Analysis**

<b>Profile Disclosure</b>	<b>Description</b>	<b>Lenovo Report Section (FY 12/13)</b>	<b>Coverage</b>
1.1	Statement from the most senior decision-maker of the organization.	1.1 Letter from Yang Yuanqing - CEO/Chairman	Full
1.2	Description of key impacts, risks, and opportunities.	1.1 Letter from Yang Yuanqing, 1.2 Letter from Peter Hortensius, 2.1 INTEGRATING SUSTAINABILITY Sustainability Highlights, 2.2 INTEGRATING SUSTAINABILITY Stakeholder Engagement, 2.4 INTEGRATING SUSTAINABILITY FY 2012-13 Performance, and throughout this report and previous Sustainability Report (link to <a href="http://www.lenovo.com/sustainability">http://www.lenovo.com/sustainability</a> ).	Full

**2. Organizational Profile**

<b>Profile Disclosure</b>	<b>Description</b>	<b>Lenovo Report Section (FY 12/13)</b>	<b>Coverage</b>
2.1	Name of the organization.	"Lenovo Group Limited" 3.2 PERFORMANCE Lenovo at a Glance	Full
2.2	Primary brands, products, and/or services.	<a href="http://www.lenovo.com/ww/lenovo/pdf/report/E_099220130531d.pdf">http://www.lenovo.com/ww/lenovo/pdf/report/E_099220130531d.pdf</a> - page 119 and more, and 0.0 Report Parameters, 3.2 PERFORMANCE Lenovo at a Glance, 3.5 PERFORMANCE Lenovo Products	Full
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	<a href="http://www.lenovo.com/ww/lenovo/pdf/report/E_099220130531d.pdf">http://www.lenovo.com/ww/lenovo/pdf/report/E_099220130531d.pdf</a> - page 103, 157, 180 - 183, and 0.0 Report Parameters, 3.2 PERFORMANCE Lenovo at a Glance	Full
2.4	Location of organization's headquarters.	0.0 Report Parameters, 3.2 PERFORMANCE Lenovo at a Glance	Full
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.	0.0 Report Parameters, 3.2 PERFORMANCE Lenovo at a Glance	Full
2.6	Nature of ownership and legal form.	<a href="http://www.lenovo.com/ww/lenovo/pdf/report/E_099220130531d.pdf">http://www.lenovo.com/ww/lenovo/pdf/report/E_099220130531d.pdf</a> pages 103, 157, 180 - 183, and 3.2 PERFORMANCE Lenovo at a Glance, 3.3 PERFORMANCE Corporate Governance	Full
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	<a href="http://www.lenovo.com/ww/lenovo/pdf/report/E_099220130531d.pdf">http://www.lenovo.com/ww/lenovo/pdf/report/E_099220130531d.pdf</a> pages 17-21, and 2.3 INTEGRATING SUSTAINABILITY Consolidated Metrics, 3.2 PERFORMANCE Lenovo at a Glance, 3.3 PERFORMANCE Corporate Governance	Full
2.8	Scale of the reporting organization.	<a href="http://www.lenovo.com/ww/lenovo/pdf/report/E_099220130531d.pdf">http://www.lenovo.com/ww/lenovo/pdf/report/E_099220130531d.pdf</a> pages 31, 63-64, 73, 103, and 2.3 INTEGRATING SUSTAINABILITY Consolidated Metrics, 3.1 PERFORMANCE About Lenovo, 3.2 PERFORMANCE Lenovo at a Glance	Full

**LENOVO GRI COVERAGE TABLE****STANDARD DISCLOSURES PART I: Profile Disclosures****2. Organizational Profile**

Profile Disclosure	Description	Lenovo Report Section (FY 12/13)	Coverage
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	<a href="http://www.lenovo.com/ww/lenovo/pdf/report/E_099220130531d.pdf">http://www.lenovo.com/ww/lenovo/pdf/report/E_099220130531d.pdf</a> pages 16, 17 48, 86, and 2.3 INTEGRATING SUSTAINABILITY Consolidated Metrics, 3.2 PERFORMANCE Lenovo at a Glance	Full
2.10	Awards received in the reporting period.	<a href="http://www.lenovo.com/ww/lenovo/pdf/report/E_099220130531d.pdf">http://www.lenovo.com/ww/lenovo/pdf/report/E_099220130531d.pdf</a> pages 9-10, 18, 20, 61-62, 82, and 4.1.11 PEOPLE Occupational Health and Safety, 5.1.1 PLANET Our History of Environmental Leadership	Full

**3. Report Parameters**

Profile Disclosure	Description	Lenovo Report Section (FY 12/13)	Coverage
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	0.0 Report Parameters	Full
3.2	Date of most recent previous report (if any).	0.0 Report Parameters	Full
3.3	Reporting cycle (annual, biennial, etc.)	0.0 Report Parameters	Full
3.4	Contact point for questions regarding the report or its contents.	0.0 Report Parameters	Full
3.5	Process for defining report content.	0.0 Report Parameters, 2.2 INTEGRATING SUSTAINABILITY Stakeholder Engagement	Full
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	0.0 Report Parameters	Full
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	0.0 Report Parameters	Full
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.	0.0 Report Parameters	Full
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.	0.0 Report Parameters, 2.3 INTEGRATING SUSTAINABILITY Consolidated Metrics, 5.2 PLANET Operations: Footnotes on Figures Fig 5.4 Lenovo's GHG Emissions – Scope 1&2 and Fig 5.5 Lenovo's GHG Emissions – Scope 3	Full
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).	There are no restatements required at this time.	Full
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	Data pertinent to the activities and impacts of companies acquired by Lenovo during FY 12/13 is included and involves new facilities, product lines and business activities from acquisitions and joint ventures.	Full



**LENOVO GRI COVERAGE TABLE****STANDARD DISCLOSURES PART I: Profile Disclosures****3. Report Parameters**

Profile Disclosure	Description	Lenovo Report Section (FY 12/13)	Coverage
3.12	Table identifying the location of the Standard Disclosures in the report.	6.2 APPENDIX GRI 3.1 Reference Table	Full
3.13	Policy and current practice with regard to seeking external assurance for the report.	0.0 Report Parameters	Full

**4. Governance, Commitments, and Engagement**

Profile Disclosure	Description	Lenovo Report Section (FY 12/13)	Coverage
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="http://www.lenovo.com/ww/lenovo/pdf/report/E_099220130531d.pdf">http://www.lenovo.com/ww/lenovo/pdf/report/E_099220130531d.pdf</a> pages 36-65, 66-69, 70-79, 96-98 and 3.3 PERFORMANCE Corporate Governance	Full
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	<a href="http://www.lenovo.com/ww/lenovo/pdf/report/E_099220130531d.pdf">http://www.lenovo.com/ww/lenovo/pdf/report/E_099220130531d.pdf</a> pages 37, 39	Full
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="http://www.lenovo.com/ww/lenovo/pdf/report/E_099220130531d.pdf">http://www.lenovo.com/ww/lenovo/pdf/report/E_099220130531d.pdf</a> pages 36-65	Full
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	<a href="http://www.lenovo.com/ww/lenovo/pdf/report/E_099220130531d.pdf">http://www.lenovo.com/ww/lenovo/pdf/report/E_099220130531d.pdf</a> pages 36-65	Full
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).	<a href="http://www.lenovo.com/ww/lenovo/pdf/report/E_099220130531d.pdf">http://www.lenovo.com/ww/lenovo/pdf/report/E_099220130531d.pdf</a> pages 57, 70-79, 146 to 148	Full
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	<a href="http://www.lenovo.com/ww/lenovo/pdf/report/E_099220130531d.pdf">http://www.lenovo.com/ww/lenovo/pdf/report/E_099220130531d.pdf</a> pages 34-35, 41, 45, 50, 96 <a href="http://www.hkexnews.hk/listedco/listconews/SEHK/2012/0213/LTN20120213189.pdf">http://www.hkexnews.hk/listedco/listconews/SEHK/2012/0213/LTN20120213189.pdf</a> <a href="http://www.lenovo.com/ww/lenovo/pdf/E_099220120213d.pdf">http://www.lenovo.com/ww/lenovo/pdf/E_099220120213d.pdf</a> <a href="http://www.lenovo.com/ww/lenovo/pdf/E_099220120213b.pdf">http://www.lenovo.com/ww/lenovo/pdf/E_099220120213b.pdf</a>	Full
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="http://www.lenovo.com/ww/lenovo/pdf/report/E_099220130531d.pdf">http://www.lenovo.com/ww/lenovo/pdf/report/E_099220130531d.pdf</a> pages 36 - 65, 96 - 98	Full

**LENOVO GRI COVERAGE TABLE****STANDARD DISCLOSURES PART I: Profile Disclosures****4. Governance, Commitments, and Engagement**

<b>Profile</b>		<b>Lenovo Report Section (FY 12/13)</b>	<b>Coverage</b>
<b>Disclosure</b>	<b>Description</b>		
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.	<p>Lenovo provides guidance to our employees through corporate policies that cover a wide range of areas, including social responsibility, sustainability, and others. Some of these policies are listed externally at <a href="http://www.lenovo.com/CSRPolicies">http://www.lenovo.com/CSRPolicies</a>.</p> <p>In FY2012/13, Lenovo demonstrated progress in formalizing our sustainability programs, including publishing our first Corporate Sustainability Policy, signed and endorsed by Chairman and CEO Yuanqing Yang (see <a href="http://www.lenovo.com/social_responsibility/us/en/sustainability_policy.html">http://www.lenovo.com/social_responsibility/us/en/sustainability_policy.html</a>).</p> <p>3.3 PERFORMANCE Corporate Governance, 4.1.9 PEOPLE Privacy, and 4.1.10 PEOPLE Ethics and Compliance</p> <p>Also, <a href="http://www.lenovo.com/www/lenovo/pdf/report/E_099220130531d.pdf">http://www.lenovo.com/www/lenovo/pdf/report/E_099220130531d.pdf</a> (p 80-92).</p>	Full
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.	<p>Lenovo's Enterprise Risk Management (ERM) team reports to the Audit Committee on an annual basis. The team's report includes: ERM projects completed over last 12 months, the risk universe and critical risks, ERM project plan for new fiscal year, and an update of key risk projects. Lenovo publishes a governance report on an annual basis. This report explains Lenovo's control and risk management practices. Key sustainability risks are included in the risk management evaluation template.</p> <p><a href="http://www.lenovo.com/www/lenovo/pdf/report/E_099220130531d.pdf">http://www.lenovo.com/www/lenovo/pdf/report/E_099220130531d.pdf</a> pages 56, 68 and 1.2 Letter from Peter Hortensius, 2.1 INTEGRATING SUSTAINABILITY Sustainability Highlights, 3.3 PERFORMANCE Corporate Governance, 3.4 PERFORMANCE Lenovo Operations, and 6.3 APPENDIX UN Global Compact Table</p>	Full
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	<a href="http://www.lenovo.com/www/lenovo/pdf/report/E_099220130531d.pdf">http://www.lenovo.com/www/lenovo/pdf/report/E_099220130531d.pdf</a> pages 52-53	Full
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	5.3.1 PLANET Product Materials	Full
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	<p>Externally developed charters, principles, or other initiatives to which Lenovo subscribes or endorses include UN Global Compact, International Labour Organization (ILO), Electronic Industry Citizenship Coalition (EICC), and CDP.</p> <p>2.1 INTEGRATING SUSTAINABILITY Sustainability Highlights, 3.4 PERFORMANCE Lenovo Operations, 4.2 PEOPLE Human Rights in Lenovo's Supply Chain, 5.1 PLANET Lenovo's Environmental Commitment, 5.2 PLANET Operations, and 6.3 APPENDIX UN Global Compact Coverage Table</p>	Full

**LENOVO GRI COVERAGE TABLE****STANDARD DISCLOSURES PART I: Profile Disclosures****4. Governance, Commitments, and Engagement**

Profile Disclosure	Description	Lenovo Report Section (FY 12/13)	Coverage
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization:  * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic.	2.1 OVERVIEW Progress, 3.4 PERFORMANCE Lenovo Operations, 4.2 PEOPLE Human Rights in Lenovo's Supply Chain, 4.3.4 PEOPLE Outreach, Collaborations and Partnerships, 5.1.3 PEOPLE Compliance – Regulatory and Voluntary – The Foundation of Our EMS, and 5.2 PLANET Operations	Full
4.14	List of stakeholder groups engaged by the organization.	2.2 INTEGRATING SUSTAINABILITY Stakeholder Engagement	Full
4.15	Basis for identification and selection of stakeholders with whom to engage.	2.2 INTEGRATING SUSTAINABILITY Stakeholder Engagement	Full
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	2.2 INTEGRATING SUSTAINABILITY Stakeholder Engagement	Full
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.	2.2 INTEGRATING SUSTAINABILITY Stakeholder Engagement	Full

**STANDARD DISCLOSURES PARTS II and III: Disclosures on Management Approach (DMAs) and Performance Indicators****Economic****DMA EC Disclosure on Management Approach EC**

Aspects	Economic performance	<a href="http://www.lenovo.com/ww/lenovo/pdf/report/E_099220130531d.pdf">http://www.lenovo.com/ww/lenovo/pdf/report/E_099220130531d.pdf</a>	Partial
	Market presence		
	Indirect economic impacts		

Profile Disclosure	Description	Lenovo Report Section (FY 12/13)	Coverage
<b>Economic performance</b>			
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.	<a href="http://www.lenovo.com/ww/lenovo/pdf/report/E_099220130531d.pdf">http://www.lenovo.com/ww/lenovo/pdf/report/E_099220130531d.pdf</a> and 2.3 INTEGRATING SUSTAINABILITY Consolidated Metrics, 4.3 PEOPLE Investments in People	Partial
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	5.2 PLANET Operations	Partial
EC3	Coverage of the organization's defined benefit plan obligations.	<a href="http://www.lenovo.com/ww/lenovo/pdf/report/E_099220130531d.pdf">http://www.lenovo.com/ww/lenovo/pdf/report/E_099220130531d.pdf</a> - pages 103+, 113, 130+, 145, 146, 175, 176.	Full
EC4	Significant financial assistance received from government.	Lenovo considers these details to be proprietary and does not disclose at this level. All publicly reported financial information for FY 2012/13 can be found in our Annual Report at <a href="http://www.lenovo.com/ww/lenovo/pdf/report/E_099220130531d.pdf">http://www.lenovo.com/ww/lenovo/pdf/report/E_099220130531d.pdf</a> - see for example page 147.	Partial

**LENOVO GRI COVERAGE TABLE****STANDARD DISCLOSURES PARTS II and III: Disclosures on Management Approach (DMAs) and Performance Indicators****Economic****DMA EC****Disclosure on Management Approach EC****Market presence**

EC5	Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.	Lenovo does not disclose its entry level wages or wage ratios. Our entry level salaries are based on reviews of wages among other companies in our market. In all locations, we comply with applicable minimum wage legislation and offer competitive salaries.	Partial
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	<p>Lenovo's suppliers are selected on multiple factors -- cost, quality, supply, technology, service, geographical proximity, compliance with contracts, compliance with sustainability efforts (EICC Code, GHG &amp; conflict minerals), performance and logistics. The PC market is a commoditized market where supply chain efficiency is critical to success. As such, logistics cost per box is a key performance indicator and drives many decisions on plants, distribution centers, ocean vs. air shipments, full container loads, etc.</p> <p>Additionally, Lenovo's manufacturing operations are centered at key city locations. Large numbers of suppliers are located in Shanghai, Shenzhen and Chengdu, where Lenovo major plants are located.</p> <p>Lenovo currently has a major network design improvement strategy. Lenovo also is commencing efforts to track and reduce GHG emissions from shipping activity, which should increase focus on local suppliers.</p>	Partial
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	Lenovo does not have a global policy or common practices for granting preference to local residents when hiring in significant locations of operation. Lenovo's recruiting practices are designed to be inclusive, and we hire from the diverse populations and communities where we operate.	Full
<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.	4.3 PEOPLE Investments in People	Partial
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	2.4 INTEGRATING SUSTAINABILITY FY 2012-13 Performance, 2.5 INTEGRATING SUSTAINABILITY FY 2013-14 Objectives and Targets, and 5.2 PLANET Operations	Partial

**LENOVO GRI COVERAGE TABLE****STANDARD DISCLOSURES PARTS II and III: Disclosures on Management Approach (DMAs) and Performance Indicators****Environmental**

<b>DMA EN</b>	<b>Disclosure on Management Approach EN</b>	
Aspects	Materials	5.3.1 PLANET Product Materials
	Energy	5.2 PLANET Operations and 5.3.2 Product Energy Efficiency
	Water	5.2 PLANET Operations
	Biodiversity	5.2 PLANET Operations
	Emissions, effluents and waste	5.2 PLANET Operations
	Products and services	5.3 PLANET Lenovo's Environmentally Conscious Products Program
	Compliance	1.1 Letter from Yang Yuanqing, 1.2 Letter from Peter Hortensius, 5.1 PLANET Lenovo's Environmental Commitment, and <a href="http://www.lenovo.com/compliance">http://www.lenovo.com/compliance</a>
	Transport	5.2 PLANET Operations
	Overall	5.0 PLANET and <a href="http://www.lenovo.com/environment">http://www.lenovo.com/environment</a>
<b>Profile Disclosure</b>	<b>Description</b>	<b>Lenovo Report Section (FY 12/13)</b>
<b>Market presence</b>		
EN1	Materials used by weight or volume.	Lenovo chooses not to disclose information about our materials used by weight or volume due to concerns about confidential information related to our manufacturing and development processes. However, Lenovo does discuss general information about the materials used in our products on both our website, <a href="http://www.lenovo.com/materials">http://www.lenovo.com/materials</a> , and in product environmental declarations, also available from this website.
EN2	Percentage of materials used that are recycled input materials.	5.3.1 PLANET Product Materials
<b>Energy</b>		
EN3	Direct energy consumption by primary energy source.	5.2.8.1 PLANET Energy Reductions in Operations
EN4	Indirect energy consumption by primary source.	5.2.8.1 PLANET Energy Reductions in Operations
EN5	Energy saved due to conservation and efficiency improvements.	2.3 INTEGRATING SUSTAINABILITY Consolidated Metrics, 5.2.8 PLANET FY 2012/13 Environmental Performance
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="http://www.lenovo.com/energy">http://www.lenovo.com/energy</a> 5.1.3 PLANET Compliance - Regulatory and Voluntary - The Foundation of Our EMS, 5.1.4 PLANET Product Life Cycle Management
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	<a href="http://www.lenovo.com/climate">http://www.lenovo.com/climate</a> , and 5.2.8.1 PLANET Energy Reductions in Operations



**LENOVO GRI COVERAGE TABLE****STANDARD DISCLOSURES PARTS II and III: Disclosures on Management Approach (DMAs) and Performance Indicators**

<b>Environmental</b>			
<b>DMA EN</b>	<b>Disclosure on Management Approach EN</b>		
<b>Profile Disclosure</b>	<b>Description</b>	<b>Lenovo Report Section (FY 12/13)</b>	<b>Coverage</b>
<b>Water</b>			
EN8	Total water withdrawal by source.	<a href="http://www.lenovo.com/waterandwaste">http://www.lenovo.com/waterandwaste</a> and 5.2.8.4 PLANET Other Environmental Aspects	Partial
EN9	Water sources significantly affected by withdrawal of water.	<a href="http://www.lenovo.com/waterandwaste">http://www.lenovo.com/waterandwaste</a> and 5.2.8.4 PLANET Other Environmental Aspects	Full
EN10	Percentage and total volume of water recycled and reused.	<a href="http://www.lenovo.com/waterandwaste">http://www.lenovo.com/waterandwaste</a> and 5.2.8.4 PLANET Other Environmental Aspects	Full
<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.	Lenovo is not aware of any significant impacts of its activities, products and services on biodiversity including impacts from water discharge and runoff from our operations. Lenovo requires an environmental site assessment for acquisition or divestiture of facilities or real estate. Our internal new project environmental assessment requires an evaluation relative to the potential for impacts on protected habitats or protected or endangered species.	Not Reported
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	Lenovo is not aware of any significant impacts of its activities, products and services on biodiversity including impacts from water discharge and runoff from our operations. Lenovo requires an environmental site assessment for acquisition or divestiture of facilities or real estate. Our internal new project environmental assessment requires an evaluation relative to the potential for impacts on protected habitats or protected or endangered species.	Not Reported
EN13	Habitats protected or restored.	Lenovo is not aware of any significant impacts of its activities, products and services on biodiversity including impacts from water discharge and runoff from our operations. Lenovo requires an environmental site assessment for acquisition or divestiture of facilities or real estate. Our internal new project environmental assessment requires an evaluation relative to the potential for impacts on protected habitats or protected or endangered species.	Not Reported
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	Lenovo is not aware of any significant impacts of its activities, products and services on biodiversity including impacts from water discharge and runoff from our operations. Lenovo requires an environmental site assessment for acquisition or divestiture of facilities or real estate. Our internal new project environmental assessment requires an evaluation relative to the potential for impacts on protected habitats or protected or endangered species.	Not Reported
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	Due to the fact that Lenovo does not have a high impact on biodiversity, we do not track these species.	Not Reported

**LENOVO GRI COVERAGE TABLE****STANDARD DISCLOSURES PARTS II and III: Disclosures on Management Approach (DMAs) and Performance Indicators****Environmental**

<b>DMA EN</b>	<b>Disclosure on Management Approach EN</b>		
<b>Profile Disclosure</b>	<b>Description</b>	<b>Lenovo Report Section (FY 12/13)</b>	<b>Coverage</b>
<b>Emissions, effluents and waste</b>			
EN16	Total direct and indirect greenhouse gas emissions by weight.	2.3 INTEGRATING SUSTAINABILITY Consolidated Metrics, 5.2.8.2 PLANET GHG Emissions Performance	Full
EN17	Other relevant indirect greenhouse gas emissions by weight.	2.3 INTEGRATING SUSTAINABILITY Consolidated Metrics, 5.2.8.2 PLANET GHG Emissions Performance	Full
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	5.2.8.2 PLANET GHG Emissions Performance	Full
EN19	Emissions of ozone-depleting substances by weight.	5.2.8.4 PLANET Other Environmental Aspects	Partial
EN20	NOx, SOx, and other significant air emissions by type and weight.	5.2.8.4 PLANET Other Environmental Aspects	Full
EN21	Total water discharge by quality and destination.	<a href="http://www.lenovo.com/waterandwaste">http://www.lenovo.com/waterandwaste</a> and 5.2.8.4 PLANET Other Environmental Aspects	Full
EN22	Total weight of waste by type and disposal method.	5.2.8.4 PLANET Other Environmental Aspects	Full
EN23	Total number and volume of significant spills.	During this reporting year, there were no significant spills. <a href="http://www.lenovo.com/waterandwaste">http://www.lenovo.com/waterandwaste</a> and 5.2.8.4 PLANET Other Environmental Aspects	Full
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.	Site-related waste reported in 5.2.8.4 PLANET Other Environmental Aspects	Partial
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.	Lenovo is not aware of any significant impacts of its activities, products and services on biodiversity including impacts from water discharge and runoff from our operations. Lenovo requires an environmental site assessment for acquisition or divestiture of facilities or real estate. Our internal new project environmental assessment requires an evaluation relative to the potential for impacts on protected habitats or protected or endangered species.	Not Reported
<b>Products and services</b>			
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	5.3 PLANET Lenovo's Environmentally Conscious Products Program	Full
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	5.4 PLANET Product End-of-Life Management Lenovo is using more meaningful metric for product lifespan (4 years as conservative estimate of product lifespan).	Full
<b>Compliance</b>			
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Lenovo had no significant fines or sanctions related to environmental laws and regulations during FY 2012/13.	Full

**LENOVO GRI COVERAGE TABLE****STANDARD DISCLOSURES PARTS II and III: Disclosures on Management Approach (DMAs) and Performance Indicators**

Environmental			
DMA EN	Disclosure on Management Approach EN		
Profile Disclosure	Description	Lenovo Report Section (FY 12/13)	Coverage
Transport			
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	5.2.8.2 PLANET GHG Emissions Performance	Full
Overall			
EN30	Total environmental protection expenditures and investments by type.	Lenovo considers this information proprietary and does not disclose it.	Not Reported
Social: Labor Practices and Decent Work			
DMA LA	Disclosure on Management Approach LA		
Aspects	Employment	4.1 PEOPLE Lenovo Employees	Partial
	Labor/management relations		
	Occupational health and safety		
	Training and education		
	Diversity and equal opportunity		
	Equal remuneration for women and men		
Profile Disclosure	Description	Lenovo Report Section (FY 12/13)	Coverage
Employment			
LA1	Total workforce by employment type, employment contract, and region, broken down by gender.	2.3 INTEGRATING SUSTAINABILITY Consolidated Metrics	Partial
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	Lenovo does not provide this information since it is deemed proprietary.	Not Reported
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	http://www.lenovo.com/ww/lenovo/pdf/report/E_099220130531d.pdf pages 31, 73, 130 - 131	Partial
		4.1.4 PEOPLE Global Benefits  Comprehensive benefits are provided to regular full and part-time employees. Limited benefits are generally provided to temporary employees unless otherwise required by local laws.	
Labor/management relations			
LA4	Percentage of employees covered by collective bargaining agreements.	Lenovo does not provide this information since it is deemed proprietary.	Not Reported
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	Lenovo provides advance notice of significant operational changes in accordance with local requirements in the locations in which we operate. We meet regularly with employees and provide information on business changes as soon as practical. In cases where operational changes are required, we take steps to mitigate negative impacts.	Full

**LENOVO GRI COVERAGE TABLE****STANDARD DISCLOSURES PARTS II and III: Disclosures on Management Approach (DMAs) and Performance Indicators****Social: Labor Practices and Decent Work**

<b>DMA LA</b>	<b>Disclosure on Management Approach LA</b>		
<b>Profile Disclosure</b>	<b>Description</b>	<b>Lenovo Report Section (FY 12/13)</b>	<b>Coverage</b>
<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.	Worker health and safety committees are active at all manufacturing facilities and selected field locations, having influence upon approximately 40% of the total workforce population.	Full
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender.	2.3 INTEGRATING SUSTAINABILITY Consolidated Metrics, 4.1.11 PEOPLE Occupational Health and Safety	Partial
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	2.3 INTEGRATING SUSTAINABILITY Consolidated Metrics, 4.1.11 PEOPLE Occupational Health and Safety	Partial
LA9	Health and safety topics covered in formal agreements with trade unions.	Health and safety topics are covered according to local country level laws.	Partial
<b>Training and education</b>			
LA10	Average hours of training per year per employee by gender, and by employee category.	2.3 INTEGRATING SUSTAINABILITY Consolidated Metrics Training is made available to regular and temporary employees regardless of gender. We don't report training by gender or employment category.	Partial
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	4.1.5 PEOPLE Employee Development and Training	Full
LA12	Percentage of employees receiving regular performance and career development reviews, by gender.	4.1.3 PEOPLE Compensation, Performance and Recognition	Full
<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.	At end of FY 2012/13, Lenovo had 35,026 employees. Women represented 39% of Lenovo's global workforce and 16% of Lenovo's global executive population.  Minorities are only tracked in the United States and represented 19% of the US executive population.  Lenovo does not publicly disclose diversity statistics by age or education levels since it is deemed proprietary.	Partial
<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.	Lenovo does not report this information externally since it is deemed proprietary.	Not Reported

**LENOVO GRI COVERAGE TABLE****STANDARD DISCLOSURES PARTS II and III: Disclosures on Management Approach (DMAs) and Performance Indicators****Social: Human Rights**

<b>DMA HR</b>	<b>Disclosure on Management Approach HR</b>		
	Investment and procurement practices		
	Non-discrimination		
	Freedom of association and collective bargaining		
	Child labor		
Aspects	Prevention of forced and compulsory labor	2.1 INTEGRATING SUSTAINABILITY Sustainability Highlights, 3.4 PERFORMANCE Lenovo Operations, 4.1 PEOPLE Lenovo Employees, and 4.2 PEOPLE Human Rights in Lenovo's Supply Chain	Partial
	Security practices		
	Indigenous rights		
	Assessment		
	Remediation		

<b>Profile Disclosure</b>	<b>Description</b>	<b>Lenovo Report Section (FY 12/13)</b>	<b>Coverage</b>
<b>Investment and procurement practices</b>			
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.	3.4 PERFORMANCE Lenovo Operations and 4.2 PEOPLE Human Rights in Lenovo's Supply Chain  Lenovo is dedicated to human rights, the environment and other sustainability concerns as is demonstrated by our membership in the EICC since 2006. Lenovo has a significant amount of procurement spend with a small amount of suppliers. Less than 100 suppliers cover 95% of our spend, and we have formal white paper agreements that require suppliers to comply with the EICC Code.	Partial
HR2	Percentage of significant suppliers, contractors and other business partners that have undergone human rights screening, and actions taken.	3.4 PERFORMANCE Lenovo Operations and 4.2 PEOPLE Human Rights in Lenovo's Supply Chain  Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening: 2012-95%, 2011-95%, 2010-90%  The percentage of contracts with significant suppliers, contractors, and other business partners that included criteria or screening on human rights: 2012-100%, 2011-100%, 2010-99%  The percentage of contracts with significant suppliers, contractors, and other business partners that were either declined or had performance conditions imposed, or were subject to other actions as a result of human rights screening: 2012-4%  The overall supplier compliance from 1st round to 2nd round audits has improved 10% and generally compliance is >90% in aggregate and in each of the categories.	Full
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.	Training on the Lenovo Code of Conduct and other policies and procedures, which includes content on human rights principles, is mandatory for every employee.	Full



**LENOVO GRI COVERAGE TABLE****STANDARD DISCLOSURES PARTS II and III: Disclosures on Management Approach (DMAs) and Performance Indicators****Social: Human Rights**

<b>DMA HR</b>	<b>Disclosure on Management Approach HR</b>		
<b>Profile Disclosure</b>	<b>Description</b>	<b>Lenovo Report Section (FY 12/13)</b>	<b>Coverage</b>
<b>Non-discrimination</b>			
HR4	Total number of incidents of discrimination and corrective actions taken.	Results, while compiled for internal review and action, are not publicly reported since this information is deemed proprietary.	Not Reported
<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.	Lenovo sets overall standards for its operations and global suppliers, including participation in EICC audit and compliance programs. We have not identified any significant violations or risks in Lenovo or supplier operations with regard to freedom of association or collective bargaining.	Full
<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.	Lenovo sets overall standards for its operations and global suppliers, including participation in EICC audit and compliance programs. We have not identified any significant violations or risks in Lenovo or supplier operations with regard to child labor.	Full
<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.	Lenovo sets overall standards for its operations and global suppliers, including participation in EICC audit and compliance programs. We have not identified any significant violations or risks in Lenovo or supplier operations with regard to forced or compulsory labor.	Full
<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.	All Lenovo employees are trained on the organization's Code of Conduct, which covers human rights principles.	Full
<b>Indigenous rights</b>			
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	Lenovo compiles and assesses incidents for internal review and action but does not report them publicly. Information on approach to diversity and ethics and compliance is reported.	Partial
<b>Assessment</b>			
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.	None of our operations have been subject to human rights reviews and/or impact assessments during FY 2012/13.	Full
<b>Remediation</b>			
HR11	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms.	Lenovo compiles and assesses grievances for internal review and action but does not report them publicly since this information is deemed proprietary. Information on Lenovo's human rights policies and grievance processes are reported.	Not Reported

**LENOVO GRI COVERAGE TABLE****STANDARD DISCLOSURES PARTS II and III: Disclosures on Management Approach (DMAs) and Performance Indicators**

DMA SO	Disclosure on Management Approach SO		
Aspects	Local communities	3.4 PERFORMANCE Lenovo Operations, 4.3 PEOPLE Investments in People, and 5.2 PLANET Operations	Partial
	Corruption	4.1.10 PEOPLE Ethics and Compliance	
	Public policy	Lenovo generally does not engage directly in public policy development and lobbying, other than as a member of trade associations.	
	Anti-competitive behavior	4.1.10 PEOPLE Ethics and Compliance	
	Compliance	1.1 Letter from Yang Yuanqing, 1.2 Letter from Peter Hortensius, and http://www.lenovo.com/compliance	
DMA SO	Disclosure on Management Approach SO		
Profile Disclosure	Description	Lenovo Report Section (FY 12/13)	Coverage
Local communities			
SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	Lenovo does not report our engagement with local communities as requested here. We do report our involvement with local communities in 4.3.4 PEOPLE Outreach, Collaborations and Partnerships	Partial
SO9	Operations with significant potential or actual negative impacts on local communities.	3.4 PERFORMANCE Lenovo Operations, 4.3 PEOPLE Investments in People, and 5.2 PLANET Operations	Full
SO10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.	3.4 PERFORMANCE Lenovo Operations, 4.3 PEOPLE Investments in People, and 5.2 PLANET Operations	Full
Corruption			
SO2	Percentage and total number of business units analyzed for risks related to corruption.	All of Lenovo's business units are subject to periodic internal audit and review for compliance with Lenovo's internal policies.	Full
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	100% of Lenovo employees trained in organization's anti-corruption policies and procedures. 4.1.10 PEOPLE Ethics and Compliance	Full
SO4	Actions taken in response to incidents of corruption.	Lenovo does not report this item since this information is deemed proprietary.	Not Reported
Public Policy			
SO5	Public policy positions and participation in public policy development and lobbying.	Lenovo generally does not engage directly in public policy development and lobbying, other than as a member of trade associations.	Full
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	Lenovo does not report this item since this information is deemed proprietary.	Not Reported
Anti-competitive behavior			
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	Lenovo does not report this item since this information is deemed proprietary.	Not Reported

**LENOVO GRI COVERAGE TABLE****STANDARD DISCLOSURES PARTS II and III: Disclosures on Management Approach (DMAs) and Performance Indicators**

<b>DMA SO</b>	<b>Disclosure on Management Approach SO</b>		
<b>Profile Disclosure</b>	<b>Description</b>	<b>Lenovo Report Section (FY 12/13)</b>	<b>Coverage</b>
<b>Compliance</b>			
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	The monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations for the 2012/13 FY was zero (0). Lenovo has not identified non-compliance with laws or regulations.	Full
<b>Social: Product Responsibility</b>			
<b>DMA PR</b>	<b>Disclosure on Management Approach PR</b>		
Aspects	Customer health and safety	3.4.2 PERFORMANCE Products Safety and Ergonomics	Partial
	Product and service labeling	3.5 PERFORMANCE Lenovo Products	
	Marketing communications	3.5 PERFORMANCE Lenovo Products, <a href="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</a> , and <a href="http://www.lenovo.com">http://www.lenovo.com</a>	
	Customer privacy	<a href="http://www.lenovo.com/privacy">http://www.lenovo.com/privacy</a> , <a href="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</a> , and <a href="http://www.lenovo.com/social_responsibility/us/en/Lenovo_Policy_Data_Privacy.pdf">http://www.lenovo.com/social_responsibility/us/en/Lenovo_Policy_Data_Privacy.pdf</a>	
	Compliance	1.1 Letter from Yang Yuanqing, 1.2 Letter from Peter Hortensius, and <a href="http://www.lenovo.com/compliance">http://www.lenovo.com/compliance</a>	
<b>Profile Disclosure</b>	<b>Description</b>	<b>Lenovo Report Section (FY 12/13)</b>	<b>Coverage</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.	3.5.2 PERFORMANCE Products Safety and Ergonomics	Full
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.	3.5.2 PERFORMANCE Products Safety and Ergonomics	Full
<b>Product and service labeling</b>			
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	2.4 INTEGRATING SUSTAINABILITY FY 2012-13 Performance, 2.5 INTEGRATING SUSTAINABILITY FY 2013-14 Objectives and Targets, 3.5 PERFORMANCE Lenovo Products, and 5.3 PLANET Lenovo's Environmentally Conscious Products Program	Partial
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	Lenovo has not identified non-compliance with regulations or voluntary codes regarding product and service information and labeling.	Full
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	3.5 PERFORMANCE Lenovo Products <a href="http://www.lenovo.com/lenovo/us/en/commitment_to_the_customer.html">http://www.lenovo.com/lenovo/us/en/commitment_to_the_customer.html</a>	Partial

**LENOVO GRI COVERAGE TABLE****STANDARD DISCLOSURES PARTS II and III: Disclosures on Management Approach (DMAs) and Performance Indicators****Social: Product Responsibility****DMA PR Disclosure on Management Approach PR**

<b>Profile Disclosure</b>	<b>Description</b>	<b>Lenovo Report Section (FY 12/13)</b>	<b>Coverage</b>
<b>Marketing communications</b>			
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	This is covered by Lenovo's Code of Conduct, which all employees are required to read and certify both at hire and annually. <a href="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</a>	Full
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.	No incidents of non-compliance resulting in fines or warnings are known to Lenovo. Lenovo is also unaware of non-compliance with voluntary codes but can not state this with certainty.	Full
<b>Customer privacy</b>			
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	Lenovo has not identified substantiated complaints of breaches of customer privacy.	Full
<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.	Lenovo has not identified non-compliance with laws or regulations regarding the provision and use of products.	Full

## 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 areas of human rights, labour, environment, and anti-corruption. [Click here](#) to see Lenovo's UN Global Compact Participant Information. The table below shows where Lenovo is addressing each of these principles.

Principle		Lenovo 2012/13 Sustainability Report Section
<b>Human Rights</b>		
Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights; and	2.1 HIGHLIGHTS Sustainability Progress 4.1.2 PEOPLE Labor Practices and Human Rights
Principle 2	Businesses should make sure that they are not complicit in human rights abuses.	4.2 PEOPLE Human Rights in Lenovo's Supply Chain 6.2 APPENDIX GRI Reference Table: Social: HR1, HR2, HR3, HR8, HR9, HR10, HR11, SO1, SO9, and SO10
<b>Labour Standards</b>		
Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	4.1.2 PEOPLE Labor Practices and Human Rights 6.2 APPENDIX GRI Reference Table: Social: HR5 6.2 APPENDIX GRI Reference Table: Social: LA4 and LA5
Principle 4	The elimination of all forms of forced and compulsory labour;	4.1.2 PEOPLE Labor Practices and Human Rights 4.1.10 PEOPLE Ethics and Compliance 6.2 APPENDIX GRI Reference Table: Economic: EC4 and EC7 6.2 APPENDIX GRI Reference Table: Social: HR4
Principle 5	The effective abolition of child labour; and	4.1.2 PEOPLE Labor Practices and Human Rights 6.2 APPENDIX GRI Reference Table: Social: HR6
Principle 6	The elimination of discrimination in respect of employment and occupation.	4.1.2 PEOPLE Labor Practices and Human Rights 4.1.10 PEOPLE Ethics and Compliance 6.2 APPENDIX GRI Reference Table: Economic: EC4 and EC7 6.2 APPENDIX GRI Reference Table: Social: HR4



Principle		Lenovo 2012/13 Sustainability Report Section
Environment		
Principle 7	Businesses should support a precautionary approach to environmental challenges;	5.3.1 PLANET Product Materials 6.2 APPENDIX GRI Reference Table: 4.11 6.2 APPENDIX GRI Reference Table: Economic: EC2 6.2 APPENDIX GRI Reference Table: Environmental: EN1, EN3, EN8, EN16, EN19, EN20, EN26, and EN30
Principle 8	Undertake initiatives to promote greater environmental responsibility; and	5.0 PLANET 6.2 APPENDIX GRI Reference Table: 3.13, 4.5, 4.8, 4.9, 4.10, 4.12 6.2 APPENDIX GRI Reference Table: Environmental (all)
Principle 9	Encourage the development and diffusion of environmentally friendly technologies.	3.4 PERFORMANCE Lenovo Products 5.1.4 PLANET Product Life Cycle 5.3 PLANET Lenovo's Environmentally Conscious Products Program 6.2 APPENDIX GRI Reference Table: Environmental: EN6, EN7, EN18, EN26, and EN30
Anti-Corruption		
Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.	4.1.10 PEOPLE Ethics and Compliance 6.2 APPENDIX GRI Reference Table: Social: SO2, SO3, SO4, SO5



## 6.4

## Feedback

Dear Reader:

Thank you for reading Lenovo's Global Sustainability Report for FY 2012/13. We particularly value and look forward to your feedback on our sustainability practices outlined in this report. Your comments and suggestions are an important means for ensuring that Lenovo constantly promotes its sustainability management and practices. This form can be completed and returned to us through email ([environment@lenovo.com](mailto:environment@lenovo.com)). Your valuable advice will always be welcome and greatly appreciated.

*The Lenovo Sustainability Team*

### CONTACT INFORMATION:

Name: \_\_\_\_\_ Company: \_\_\_\_\_ Phone number: \_\_\_\_\_ Email: \_\_\_\_\_

### Describe Yourself (check all that apply):

- ☐ Lenovo Customer ☐ Lenovo Investor ☐ Lenovo Supplier ☐ Lenovo Employee  
☐ Regulator ☐ Surveyor ☐ Journalist ☐ Student  
☐ Nongovernmental Organization (please indicate name or area of interest) \_\_\_\_\_

☐ Community Member (please indicate where) \_\_\_\_\_

☐ Other (please describe) \_\_\_\_\_

### Your Assessment of the Report:

#### 1. Report structure

☐ Very good ☐ Good ☐ Average ☐ Poor ☐ Very poor

#### 2. Information quality

☐ Very good ☐ Good ☐ Average ☐ Poor ☐ Very poor

#### 3. Level of detail

☐ Very good ☐ Good ☐ Average ☐ Poor ☐ Very poor

#### 4. Design and layout

☐ Very good ☐ Good ☐ Average ☐ Poor ☐ Very poor

#### 5. Overall report

☐ Very good ☐ Good ☐ Average ☐ Poor ☐ Very poor

Which section of the report was most valuable to you and why?

☐ Letters ☐ Overview ☐ Performance ☐ People ☐ Planet ☐ Appendix

Why: \_\_\_\_\_

\_\_\_\_\_

For environmental and cost reasons, we choose not to print and ship our Sustainability Report. Is this agreeable to you?

☐ Yes ☐ No Comment: \_\_\_\_\_

Are there additional topics you would like to see covered in future reports? ☐ Yes ☐ No

If so, what are they? \_\_\_\_\_

Your suggestions, concerns, or other comments regarding this report:

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

[www.lenovo.com/sustainability](http://www.lenovo.com/sustainability)

**lenovo** FOR  
THOSE  
WHO DO.