SUSTAINABILITY FOR THE PC+ ERA

Lenovo® Group FY 2011/12
Global Sustainability Report.

lenovo FOR THOSE WHO DO.™

Sustainability for the PC+ Era

As the second largest PC company in the world with operations in more than 60 countries, we live by the ethos “We do what we say and we own what we do.” Based on our roots in both the East and West, we approach corporate citizenship by looking at the world to see what it’s becoming more than where it’s been. As we expand globally, we hire top local and international talent to operate our businesses and invest in the future of each market where we do business. We take our role in responsibly shaping the future very seriously by consistently working to improve, not only our performance and the quality of our products, but how we do business and how we treat our people, the various communities we serve and the environment around us.

Table of Contents

Table of Contents (Contd.)

0.0 Report Parameters

This is Lenovo's sixth annual sustainability report. It covers the Fiscal Year 2011/12 (April 1, 2011 through March 31, 2012). The most recent report prior to this was published in February 2012 for the Fiscal Year 2010/2011. This and previous reports are available at: http://www.lenovo.com/sustainability

Lenovo publishes annual and interim reports that can be viewed at: http://www.lenovo.com/ww/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.
- This report covers all Lenovo operations with the exception of our recently acquired company, Medion, and our joint venture with NEC-PC. Any data pertaining to joint ventures and acquisitions will be included in subsequent reports.
- Our Operations:
  - Primary operational hubs in Beijing, China; Singapore, Singapore; and Morrisville, North Carolina, USA
  - Major research centers in Yokohama, Japan; Beijing, Shanghai and Shenzhen, China; and Morrisville, North Carolina, USA
  - Manufacturing and assembly facilities in Beijing, Shanghai, Huiyang and Shenzhen, China; Pondicherry, India; Monterrey, Mexico; Greensboro, North Carolina, USA; and contract manufacturing and OEM worldwide
  - Call centers in North America, South America, Europe, Asia and Australia

Industry Sustainability Surveys/Ratings:

- Constituent stock of the Hang Seng Corporate Sustainability Index Series: Rated AA in 2012
- Oekom research AG: Rated as Prime in 2010
- Carbon Disclosure Project: Rated 85 B in 2012

External Assurance

Bureau Veritas provided verification services for the following:

- All Greenhouse Gas (GHG) emissions data in this report
- The FY 2011/12 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 to be linked directly.

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 with data provided, those contingencies will be noted in the documentation.
- Lenovo continues to drive for excellence in measuring and improving its performance by adding new indicators. When new indicators are added, it may take time to deliver trending information. Therefore, while we may be measuring something internally, we may not always provide the information publicly until we are certain that these statistics can be delivered in a high quality and consistent manner.

Contact Information for this Report

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1.0 Sustainability for the PC+ Era

A Message from Yang Yuanqing, Our Chairman and CEO

The past year has been a time of tremendous growth and extraordinary accomplishments for Lenovo. Now, we are one of the top two PC companies in the world. In addition, we have prepared well and built a strong foundation to lead the industry into the PC+ Era by maintaining our long-held commitment to delivering innovative, high-quality PCs while expanding Lenovo's product portfolio to include Tablets, Smartphones and Smart TVs.

With this leadership position comes increased responsibility, and we take our role in shaping the future of our planet very seriously. We consistently work to improve our sustainability efforts in terms of how we do business, how we treat our people, and how we care for the communities in which we operate and the environment around us. That means we live up to our commitments and take ownership for what we do. This is the Lenovo Way.

For 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. Lenovo is making significant investments in developing economies and in providing consumers in our ever-expanding population with their first digital experience.

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

- Lenovo was selected as a constituent stock on the 2012 Hang Seng Corporate Sustainability Index (HSCSI) in Hong Kong – a tradable index and useful indicator for investors seeking socially responsible companies to include in their portfolios – with an improved AA rating. This is the third year of the Index and the third in which Lenovo has been selected, acknowledging Lenovo's ongoing commitment to sustainability. Lenovo was also rated as "Prime" by oekom research AG, an independent research institute specializing in corporate responsibility assessments.
- Through our period of amazing growth, we maintained our commitments to Lenovo's Environmental Policy: working to ensure compliance, acting to prevent pollution and reduce environmental impact, striving to develop products with environmental attributes and pushing to improve global environmental performance.
- In 2012, Lenovo was recognized with multiple awards in the area of employee health and safety, highlighted by those received for its manufacturing plants and facilities located in Shenzhen, Huiyang, Shanghai and Beijing, China; Whitsett and Morrisville, North Carolina, USA; Monterrey, Mexico; and Pondicherry, India.

- Lenovo is the world's number one PC company in the education market and recognizes that in order to succeed in tomorrow's workforce, students across the globe must be fluent in the technologies that will power the global economy of the 21st Century. With that in mind, we embarked on our Space Lab initiative that enabled students worldwide to submit experiments through YouTube for a chance to see them conducted in space. We also partnered with the National Academy Foundation to create and deliver a cutting-edge curriculum designed to foster and develop interest in STEM (Science, Technology, Engineering, and Math) education among high school students by teaching them how to create and market their own mobile apps.

Despite our many recent achievements, we recognize that our sustainability efforts are never complete. Some ongoing efforts include:

- Building upon Lenovo's culture of integrity by promoting increased transparency in communicating with our stakeholders about sustainability programs and progress.
- Aligning the environmental work of companies both recently acquired by or in joint ventures with Lenovo, and assuring that new facilities built include environmental attributes to ensure energy efficiency and minimize environmental impact, and ensure that we continue to build one sustainability culture worldwide.
- Supporting Lenovo's existing compliance obligations while also responding to new regulatory and voluntary commitments as the company grows throughout the world.
- Continuing, even as we grow rapidly around the world, to work towards Lenovo's ten-year commitment to reduce greenhouse gases.
- Increasing the energy efficiency and reducing the carbon footprint of Lenovo's expanding portfolio of products.
- Working across the entirety of Lenovo's global supply chain to improve environmental protection and promote the use of environmentally preferable technologies while also ensuring that every stage of each product's life is taken into consideration – from manufacturing, transportation and installation to use, service and recycling.

The remarkable progress that Lenovo has made this past year has put us in position to become the leading PC+ company in the world. We know that leadership is not measured only by financial results and sales figures, but also by making positive contributions to society. Our goal is to be recognized as a great company for both what we do and how we do it.

We will accomplish this goal and we will do it the Lenovo Way – with commitment to our customers, our employees, our communities and our environment. On behalf of Lenovo's 27,000 employees, I am proud of what we have achieved and fully committed to continuing our strong momentum and to ever improving our sustainability efforts for today, tomorrow and years to come.

Thank you.

Yuanqing Yang
Chairman & CEO
Lenovo

A message from Peter Hortensius, Our Chief Sustainability Executive

For the last year, I've had the honor to serve as Lenovo's Chief Sustainability Executive and Chair of the Sustainability Working Committee. In that time, our company has experienced tremendous growth, made extraordinary progress, and achieved many milestones across our sustainability initiatives. Our goals have always been the same – to deliver innovative, high quality products and services to our customers in a way that demonstrates our commitment to the well-being of our employees, protection of our environment and dedication to the health of the local communities in which we work and live.

At Lenovo, we believe that true leadership in sustainability does not begin and end with us alone. It must instead cover the entire spectrum of our global supply chain and the life cycle of our products. This past year, Lenovo has made many strides to infuse our sustainability policies and initiatives up and down our supply chain, into newly acquired companies and across the broader industry. For example, as members of the Electronics Industries Citizenship Coalition (EICC), Lenovo is helping to drive a global, standards-based approach to supplier monitoring across a range of sustainability and social responsibility issues, and I am proud to report that in fiscal year 2011/2012, 100 percent of our suppliers signed formal agreements committing to the EICC code.

This is strong progress, but it isn't enough. As you'll see in this report, while we highlight the many successes we've had in expanding and strengthening our sustainability efforts over the past year, we also underscore areas where we can do better. As Lenovo continues to grow as a company and make inroads in new markets around the world, the work of environmental stewardship of social responsibility becomes increasingly complex, including the need to combat climate change. Over the coming year, we'll meet these challenges the Lenovo way – with a global mindset that embraces transparency and fuels a sense of its own long-term responsibility.

Throughout the next year and years to come, we will welcome and value the feedback of all stakeholders as we work to continuously improve our commitment to our customers, our employees, our planet and our local communities.

Thank you.

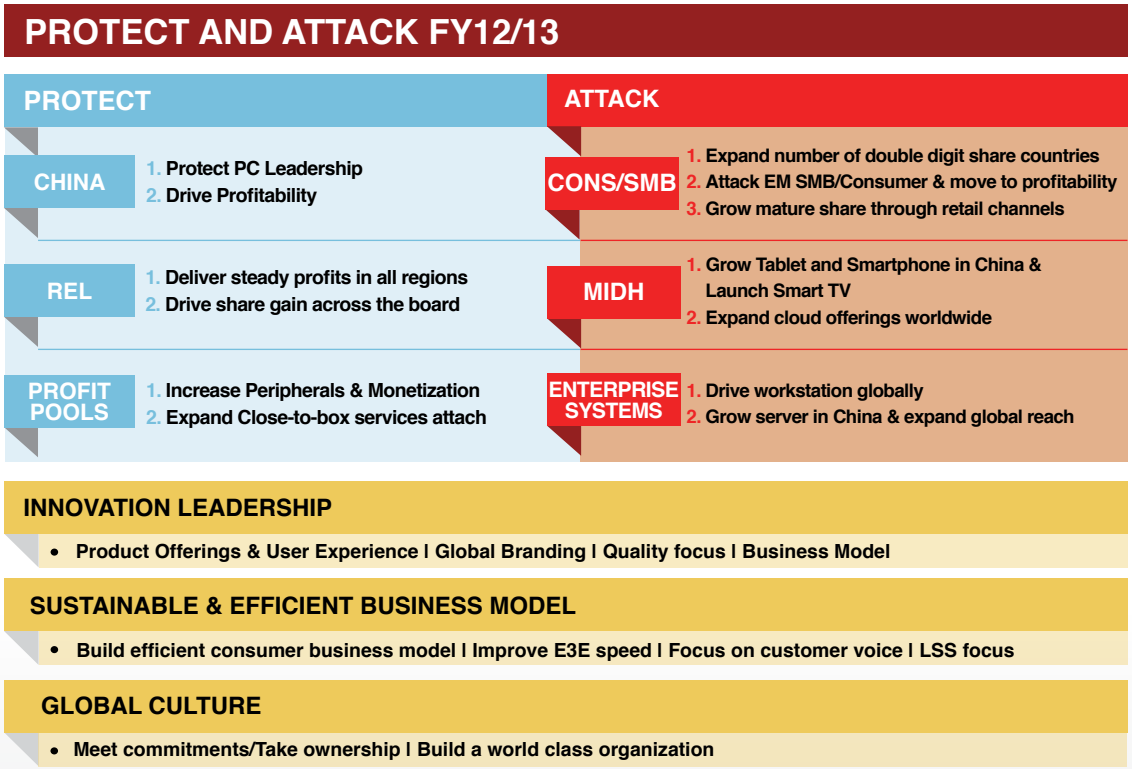
Peter Hortensius
Chief Sustainability Executive
President, Product Group
Senior Vice President, Lenovo

2.0 Highlights

2.1 Sustainability Progress

Lenovo officially integrated “Sustainability” into our business strategy – Protect and Attack - in November 2011 (see Figure 2.1). Since then, we have been working diligently to develop Lenovo’s sustainability strategy and short and long term goals to meet our internal and external stakeholders’ expectations with respect to social, economic and environmental responsibilities.

Figure 2.1



We have defined the following core sustainability focus areas:

1 Transparency: communicating Lenovo’s sustainability related policies and goals, and giving 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; and

6 Product leadership: continuing our progress in key areas of product sustainability, including the use of post-consumer recycled content, energy efficienc , packaging optimization, and product quality and longevity.

Human Rights

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

Participation in Environmental Initiatives

In FY 2011/12, Lenovo participated in numerous voluntary environmental initiatives and groups in an effort to reduce our impact on the environment, including the following:

- Information Technology Industry Council (ITI)
- International Electronics Manufacturing Initiative (iNEMI)
- Association Connecting Electronics Industries (IPC®)
- Video Electronics Standards Association (VESA)
- China Environmental Labeling Program (CELP)
- China Energy Conservation Program (CECP)
- Responsible Recycling (R2)
- World Resources Institute (WRI)
- US Environmental Protection Agency Green Power Partnership (EPA GPP)
- Carbon Disclosure Project (CDP)
- Electronic Industry Citizenship Coalition (EICC)
- ENERGY STAR®
- Electronic Products Environmental Assessment Tool (EPEAT™)
- Underwriters Laboratories (UL) Environment Sustainable Products Certificatio
- United Nations Global Compact

Data Verification

The FY 2011/12 greenhouse gas data was verified to a reasonable level of assurance. In addition, the waste and water data was externally verified for the first time in 2011/12.

Packaging

In FY 2010/11, Lenovo implemented the lightweight pallet. The engineering tests were accomplished and the pilot run is ongoing. The environment team estimates Lenovo can save 1,000 tons of wood per year.

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 totally eliminated over 1,000 tons of packaging consumption by weight through design optimization and refinement across all Lenovo product shipments.

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 (without compromising required performance characteristics). For overall corrugated box packaging, the recycled content averages more than 70 percent. Lenovo has also transitioned 95 percent of ThinkPad® and 20 percent of ThinkCentre® 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.

Recycling and Recycled Materials

In 2011, Lenovo's approved suppliers processed over 13,000 metric tons (more than 29 million pounds) of computer equipment and e-waste worldwide, with over 90 percent being reused or recycled.

In 2011, Lenovo used more than 10 million net pounds of post-consumer recycled content plastics in its products.

From early 2005 until December 31, 2011, Lenovo's use of post-consumer recycled content and post-industrial recycled content (PIC) plastics in its products exceeded 85 million pounds.

In 2012, Lenovo reached the 100 million pound milestone for customer returned equipment through Lenovo's voluntary and legal product take back and WEEE programs since May 2005.

Industry Sustainability Surveys and Ratings

Lenovo has been selected as a constituent stock of the 2012 Hang Seng Corporate Sustainability Index (HSCSI). This is the third year of the index and the third in which Lenovo has been selected, acknowledging Lenovo's ongoing commitment to sustainability. Lenovo's "AA" ranking in 2012 is an improvement from the "A+" rating it received in 2011 and is representative of Lenovo's continuous efforts to be both sustainable and socially responsible. For the second consecutive year, Lenovo has earned a position on the index's Honour Board, which puts it among the top 10 of the 636 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 Carbon Disclosure Project (CDP) on climate change management strategy and greenhouse gas emissions inventory achieved a CDP 2012 disclosure score of 85 (out of possible 100) and placed Lenovo in the performance band B (out of the following bands A, A-, B, C, D and E). The disclosure score assessed the quality and comprehensiveness in Lenovo's disclosure and performance score and evaluated Lenovo's actions on combating climate change such as climate change mitigation, adaptation, and transparency. Lenovo's 2012 CDP disclosure report is publicly available at http://www.cdproject.net.

2.2 Consolidated Metrics

General Data

US Dollars Million Sales	FY 2009/10	FY 2010/11	FY 2011/12
	$16,605	$21,594	$29,574

Sales Breakdown Balanced Geographical Mix	FY 2009/10	FY 2010/11	FY 2011/12
Emerging Markets (excluding China)	16%	18%	16%
Mature Markets	37%	36%	42%
China	48%	46%	42%

Sales Breakdown By Product	FY 2009/10	FY 2010/11	FY 2011/12
Notebook	63%	60%	57%
Desktop	35%	34%	33%
Mobile Internet/Digital Home (MIDH)	1%	4%	5%
Others	2%	2%	5%

Research and Development Expenditures/Sales	FY 2009/10	FY 2010/11	FY 2011/12
	0.0129	0.0141	0.0153

Employees, Health and Safety

Number of Employees[1]	FY 2009/10	FY 2010/11	FY 2011/12
	22,205	27,039	27,897

Number of Employees by Region			
Americas	N/A	N/A	3,320
Asia Pacifi	N/A	N/A	2,893
China	N/A	N/A	18,880
EMEA	N/A	N/A	2,804

Hours of training and education per manufacturing employee (including part-time employees)	CY 2009	CY 2010	CY 2011
	N/A	35	35

Incident Rates	CY 2009	CY 2010	CY 2011
Recordable Rate	0.59	0.41	0.30
Lost-time Rate	2.48	2.06	2.40

Number of OHSAS 18001 registered facilities	CY 2009	CY 2010	CY 2011
	6	8	8

Communities and Philanthropy

Charitable and other donations	FY 2009/10	FY 2010/11	FY 2011/12
	$497,000	$2,143,000	$1,435,000

Charitable Giving	CY 2009	CY 2010	CY 2011
US Employee Charitable Giving Campaign (given by employees)[1]	$317,000	$406,000	$502,000
Lenovo Matched Contributions (based on employee contribution above)[1]	N/A	$140,000	$181,000

Volunteering	FY 2009/10	FY 2010/11	FY 2011/12
Volunteering by hours - North Carolina[1]	770	1300	1500

Environmental Data

GHG Emissions[2] (metric tons CO_2 equivalent - MT CO_2e)	FY 2009/10	FY 2010/11	FY 2011/12
Scope 1	2,292	2,183	2,295
Scope 2	77,726	71,058	89,297
Total Scope 1&2	80,018	73,241	91,592

Scope 3	FY 2009/10	FY 2010/11	FY 2011/12
Business Travel	15,675	24,316	31,588
Product Transportation	N/A	N/A	387,250
Emissions from Waste	N/A	N/A	524
Employee Commuting	N/A	N/A	22,219

Emissions Intensity: GHG Emissions – Scope 1 & Scope 2[2] (metric tons per $ million revenue)	FY 2009/10	FY 2010/11	FY 2011/12
	4.82	3.39	3.10

Operational Energy Intensity Use – Scope 1 & Scope 2[2] (MWh per $ million revenue)	FY 2009/10	FY 2010/11	FY 2011/12
Fuel Combustion	0.64	0.46	0.37
Purchased Energy (electricity and steam)	6.35	4.71	3.51

Operational Energy Use – Scope 1 & Scope 2[2]

(MWh)	FY 2009/10	FY 2010/11	FY 2011/12
Fuel Combustion	10,548.20	9,829.18	11,025.82
Purchased Energy (electricity and steam)	105,440.07	101,695.87	103,724.83

Voluntary Purchases of Renewable Energy[2]

	FY 2009/10	FY 2010/11	FY 2011/12
Renewable Energy Credits	N/A	10,500	10,500
Carbon Offsets	N/A	3,000	3,000

Water[3]

(Cubic Meters)	FY 2009/10	FY 2010/11	FY 2011/12
Water Use	295,212	302,391	508,935
Waste Water Discharge Values	259,451	272,541	484,072
Wastewater Exceedances	0	0	0

Waste[4]

(Metric Tons)	FY 2009/10	FY 2010/11	FY 2011/12
Non-Hazardous Waste	11,995.84	12,691.89	16,764.67
Hazardous Waste	34.61	17.87	11.24

Recovery and Recycling Trends

(Metric Tons)	CY 2009	CY 2010	CY 2011
Product End-of-Life Management (PELM)[5]	11,548.27	13,468.63	13,664.74
Product Take Back (PTB)[5]	7,166.17	9,664.08	12,743.25

Product End-of-Life Management (PELM) Disposition

(Metric Tons)	CY 2009	CY 2010	CY 2011
Reused	483.21	547.26	898.87
Recycled	8,572.44	10,992.08	11,587.44
Waste to Energy (WTE)	955.85	1,471.76	817.34
Incinerate	1,296.84	171.11	88.05
Landfil	239.93	286.42	273.04
Total	11,548.27	13,468.63	13,664.74

Product Take Back (PTB) Disposition

(Metric Tons)	CY 2009	CY 2010	CY 2011
Reused	198.76	160.00	388.32
Recycled	5,757.85	7,582.80	11,272.70
Waste to Energy (WTE)	955.59	1,471.76	811.19
Incinerated	31.35	165.59	81.89
Landfil	222.62	283.93	189.14
Total	7,166.17	9,664.08	12,743.25

Product Take Back (PTB) by Geography

(Metric Tons)	CY 2009	CY 2010	CY 2011
EMEA	6,103.63	8,326.76	9,423.66
The Americas	386.49	364.89	2,111.53
Asia Pacifi	676.05	972.43	1,208.06
Total	7,166.17	9,664.08	12,743.25

Use of Recycled Plastics in Products

(Pounds)	CY 2009	CY 2010	CY 2011
Plastics Containing Recycled Content (PCRC)	23,389,987	19,114,655	23,949,989
Net Post Consumer Recycled Content (PCC)	8,117,722	7,155,703	10,508,749
Net Post Industrial Recycled Content (PIC)	770,214	183,914	117,892

Number of ISO 14001 Registered Sites	FY 2009/10	FY 2010/11	FY 2011/12
	14	15	17

Footnotes:

1. Lenovo is working to provide charitable giving and volunteer hours for more work sites in future reports. Regular employees for FY 2011/12 includes employees from NEC and Medion.
2. Lenovo's GHG Emissions and Energy Inventory Specifics
   Lenovo started to verify GHG emissions data in FY 2009/2010. At the end of FY 2011/12 Lenovo adjusted its historical CO_2e emissions data to account for previously unreported data from fuel usage at two locations and acquisition and integration of the Lenovo Mobile Phone company into the newly created MIDH division (all values in green were adjusted accordingly). Lenovo will integrate emissions data from Medion and NEC-PC beginning with the FY 2012/13 reporting year. Approximately 4% of purchased energy (electricity and steam) is estimated based upon energy use at similar Lenovo facilities with metered usage. Product transportation emissions include key downstream suppliers representing 60percent 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. Renewable Energy Credit represents 1 MWh and carbon offset represents 1 MT CO_2e. These are not deducted from Lenovo's reported GHG emissions (reported and calculated separately) taken into consideration internally when evaluating progress towards emissions targets.
3. Water data includes manufacturing and research & development sites. Lenovo started to verify waste & water data in FY 2011/12.
4. Waste data includes site waste from manufacturing and research & development sites. Waste data includes processes and operations waste, product waste separately. Lenovo started to verify waste & water data in FY 2011/12.
5. Lenovo's Product Take Back (PTB) are customer returns. Lenovo's Product End-of-Life Management (PELM) includes customer returns (PTB) as well as waste from M&D sites.

2.3 FY 2012/13 Objectives and Targets

Target Type	Objective	Key Performance Indicator(s)	Target(s)
Sustainability Culture	Continue to drive development of Lenovo global sustainability culture.	Target Completion Date	Publish Lenovo global sustainability strategy September 30, 2012.
			Develop employee sustainability awareness training by December 31, 2012.
			Define Lenovo conflict minerals strategy and positio
Information Technology	Improve Information Technology (IT) for Sustainable Reporting & Compliance.	Target Completion Date	Investigate comprehensive data management solutions for sustainability data by March 31, 2013.
			Include EU environmental reporting solution in an upcoming internal IT release.
			Complete Product Environmental Review Database by June 30, 2012.
			Complete initial release of the Site Environmental Database by June 30, 2012.
Stakeholder Engagement	Evaluate and strengthen Lenovo's stakeholder engagement process.	Target Completion Date	Benchmark Lenovo's stakeholder engagement process relative to competitors and global sustainability leaders before March 31, 2013.
			Identify and recommend opportunities to strengthen Lenovo's process before March 31, 2013.
Product Materials	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.[3, 4]
	Increase the use of Post-Consumer Recycled Plastic Content (PCC) in Lenovo Products.	% of Products with PCC	100% of products released after March 31, 2013, will contain at least 5% PCC relative to total plastics weight.[3, 5]
		% 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.[6, 7]
Product Energy	Facilitate reductions in CO_2e emissions associated with operation of products.	# of Models with Product Carbon Footprint (PCF) Established	Establish PCF for select notebook, desktop and visual products developed during FY 2012/13.[1]
		% of Models ENERGY STAR® Qualifie	Finalize methodology for calculating PCF for other product categories (servers, mouse, keyboard, Tablet, AIO, mobile phone) by March 31, 2013.
			Ensure 100% of relevant product offerings (desktop, notebook, workstation, visuals) are ENERGY STAR® 5.2 qualified by March 31 2013.[2, 3]

Target Type	Objective	Key Performance Indicator(s)	Target(s)
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.
		Pallet Density	Increase the package pallet density by at least 15% for two products by March 31, 2013.
		Packaging Reuse	Implement at least two innovative customer reuse applications for Lenovo product packaging.
		Packaging Size (Quantity of Material Consumed)	Reduce the quantity of packaging material used for a minimum of 5 products by March 31, 2013.
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 [8]
		% Non Haz Solid Waste Recycled	Achieve a M&D recycling rate > 90% (compiled global target).[9]
	Monitor, manage and minimize energy consumption.	MWh	Energy consumption to be tracked and reported quarterly.
		Units/kWh	Decrease energy intensity year to year.[10]
			Energy reduction projects will be identified and implemented at select manufacturing, R&D and office locations
	Absolute reduction in CO_2e.	Metric Tons CO_2e	-13% by March 31, 2013 re: FY 2009/10
			-16% by March 31, 2016 re: FY 2009/10
			-20% by March 31, 2020 re: FY 2009/10
			Manufacturing, R&D and large office locations track & report local Scope 1 & 2 CO_2e emissions.
Supplier Environmental Performance	Minimize potential environmental impact of Lenovo's Category 1, 2 and 3 suppliers.[11]	Approved Suppliers	100% of Category 3 suppliers will be audited.[12]
		% Spend Reporting	Drive improvement in Lenovo supply chain participation in the EICC carbon reporting program.
Transportation	Manage GHG emissions associated with transportation.	Metric Tons CO_2e	Monitor and report GHG emissions associated with product transport, employee business travel and employee commuting.
Water Consumption	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.

Note 1 : Applies to new releases from each BU (Idea and Think). Using PAIA (product attribute impact algorithm) methodology during the SVT timeframe.
Note 2 : This target does not apply to products where it is not technically feasible to achieve ES 5.2 qualification
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 MT 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 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 ARS)
Note 12: Audited means Lenovo or 3rd party on-site supplier facility and processes environmental evaluation has been carried out.

2.4 FY 2011/12 Performance

Target Type	Objective	Key Performance Indicator(s)	Target(s)	Status
Product Materials	Minimize use of hazardous or potentially hazardous materials.	Availability of Low Halogen Products	Transition selective Lenovo products to low halogen.	**Target met.** Lenovo increased the number of low halogen and reduced halogen offerings in the Idea and Think product lines.
	Increase the use of Post-Consumer Recycled Plastic Content (PCC) in Lenovo products.	% PCC	Increase percentage of PCC purchased for CY 2011 by 20% relative to CY 2010.	**Target met.** Total PCC use for CY 2011 increased by greater than 25% relative to CY 2010.
		% of Products w/ PCC	100% of Lenovo products.	**Target not met.** While we significantly increased the number of products containing some PCC and the total amount of PCC used in Lenovo products, there are still some offerings that contain no PCC.
Product Energy	Drive reduction in CO_2e emissions associated with operation of products.	# of Models with Product Carbon Footprint (PCF) Established	Establish PCF within all Lenovo product families by March 31, 2012.	**Target not met.** While Lenovo has established the PCF for some of its notebook, desktop and visuals products, we were unable to establish a PCF for a product in each product family.
		% of Models ENERGY STAR® Qualifie	Increase percentage of ENERGY STAR® qualified desktop models	**Target met.** The number of ENERGY STAR® qualified Lenovo desktops increased by 21% from CY 2010 to CY 2011.
Product Packaging	Minimize the use of packaging material consumption while driving the use of environmentally sustainable materials.	Material Type Used	Continue to implement use of sustainable packaging materials across all BU.	**Target met.** All product lines continued transitioning to more sustainable packaging materials such as EPE, LDPE, recycled content corrugated, recycled pulp board and paper.
			Continue to work towards elimination of EPS across all BU.	**Target met.** However, to ensure safe transport the use of EPS does continue in the packaging of some of our larger visuals products.
		Packaging Size (Quantity of Material Consumed)	Reduce packaging size for select products.	**Target met.** All business units continue to focus on reducing package size. Packaging size was reduced for more than 20 products during FY 2011/12.
Supplier Performance	Reduce transportation related GHG emissions attributable to Lenovo operations.	MT CO_2e	Establish product transportation baseline by March 31, 2012.	**Target met.** A baseline was established for major carriers representing 60% of Lenovo's global spend on product transportation.
	Minimize potential environmental impact of Lenovo's Category 1, 2 and 3 suppliers.	% Cat 3 Suppliers Audited	100% of Category 3 suppliers will be audited	**Target met.**
		Supplier Scope 1 & 2 Emissions	Identify, evaluate & recommend emissions management strategies relative to supplier GHG emissions by March 31, 2012.	**Target partially met.** Lenovo has established a supplier emissions baseline that includes 80% of our direct spend. We continue to work with our supply chain through the EICC and directly to improve tracking and management of supply chain GHG emissions. To date Lenovo has not set supply chain emissions targets.

Target Type	Objective	Key Performance Indicator(s)	Target(s)	Status
Lenovo Site Performance	Minimize environmental impacts associated with solid waste generated from Lenovo operations and products.	Waste Intensity	Decrease waste intensity year to year.	**Target partially met.** The target to decrease global waste intensity at our manufacturing facilities was met. The actual intensity was 0.52kg/unit produced. This surpassed our target of 0.95kg/unit. We failed to meet our waste intensity target for R&D facilities. We achieved a global waste intensity at R&D sites of 67.32kg/employee. This fell short of our target of 45kg/employee.
		% Non-hazardous Solid Waste Recycled	Achieve a global non-hazardous waste recycling rate > 90%.	**Target met.** The global recycling rate for non-hazardous waste was 91.1%.
	Monitor, manage and minimize energy consumption.	MWH	Decrease energy intensity year to year.	**Target met.** We achieved a global energy intensity (kWh/unit produced) of 1.39 relative to the target of 1.7.
		Units/kWh		
	Absolute reduction in CO_2e.	Metric Tons CO_2e	-13% by March 31, 2013 re: FY 2009/10	On track to achieve target.
			-16% by March 31, 2016 re: FY 2009/10	On track to achieve target.
			-20% by March 31, 2020 re: FY 2009/10	On track to achieve target.

3.0 Performance

3.1 About Lenovo

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

Today, Lenovo is a US$30 billion personal technology company and the world's second-largest PC vendor. We have more than 27,000 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, US; major research centers in Yokohama, Japan; Beijing, Shanghai and Shenzhen, China; and Morrisville US; and we have manufacturing around the world from Greensboro, North Carolina and Monterrey, Mexico to India, China and Brazil.

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

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

We have momentum. Long the leader in China with more than 35 percent market share in PCs, Lenovo is now the number one PC company in three of the six largest PC markets globally: China, Japan and India. Guided by our Protect and Attack strategy, we are leading the way into the PC+ Era and driving the rapid growth that is enabling Lenovo to win market share in all parts of 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, making it the fastest growing of the four major PC companies in the world for three years running.

- We are the number one PC company in China, Japan and India.
- We are the number one PC company in the world for large business and the public sector.
- We have been the fastest growing major consumer PC brand on the planet for the past two years.
- We make the fastest booting notebook in the world. It's a ThinkPad—and in 20 years, more than 75 million of them have been sold.
- We are now the second largest Smartphone provider in China and are actively expanding our Smartphone business into other emerging markets.
- We have launched a family of Tablets targeting both the consumer and commercial markets internationally.
- We're growing in triple digits in the all-in-one market worldwide, funding an application developers' movement in China, and growing our retail presence from Germany to Japan.

Lenovo's business is built on product innovation, a highly efficient global supply chain and strong strategic execution. 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 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 Tablets, Smartphones and Smart TVs.

As Lenovo inches closer to realizing its long-term dream of becoming the leader in PCs worldwide, we are committed to leading in three key areas:

- Personal Computers: Lead in PCs and continue to drive growth in the market, as well as be respected for our product innovation and quality.
- PC+ Era: Build off our excellence in PCs to lead the industry into the PC+ Era, which means expanding our business across the four screens – PC, Tablets, Smartphones, Smart TVs – and the cloud-based ecosystem that connects all of these devices.
- Culture: Enhance our reputation as one of the best, most-trusted and well-respected companies to work for and do business with worldwide.

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

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

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

Our Heritage

Lenovo became a global company with the acquisition of the IBM Personal Computing Division in 2005. The merger 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 are truly a "global-local" company, strongly embracing the heritages of all of the countries where we have major investments, including the former IBM PC Division in the US, NEC in Japan, CCE in Brazil, our marketing hub in India, our social media hub in Singapore and Medion in Germany. Our global leadership team is balanced and diverse – seven nationalities among our top 10 executives and 17 among our top 100.

As Lenovo expands globally, we are establishing even deeper roots in each major market in which we operate. We hire top local and international 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 and other high-value functions like marketing. This global reach with local excellence is enabling 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 technological breakthroughs into new product categories and drive future growth. Innovation is how Lenovo achieves competitive differentiation and drives new market opportunities within the PC+ 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 to meet 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.

Lenovo operates major research centers in Yokohama, Japan; Beijing, Shanghai and Shenzhen, China; and Morrisville, North Carolina, US. 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 3,000 engineers, researchers and scientists. Lenovo's R&D teams have introduced many industry firsts supported by a track record of innovation— including more than 6,500 globally-recognized patents, 5,000 of which are for the invention of new technology. Last year alone, Lenovo registered 500 new patents.

Acquisitions, collaboration with industry associations, and investments in research and development even in down cycles enable us to stay ahead of market trends and deliver a comprehensive portfolio of products.

Lenovo's global scale and emphasis on innovation also give us a degree of visibility regarding the health and well-being of the communities and markets we serve. Through this we are better able to innovate and deliver relevant solutions that address a number of key sustainability measures addressed in this report from climate and energy to environmentally-conscious products, education and employee 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 lifecycle, from manufacturing, transportation and installation to use, service and recycling or disposal.
- Safe and healthy workplaces: Lenovo prides itself on creating a world-class experience for its employees at facilities across the planet—from our headquarters and sales offices to our R&D labs to the manufacturing floor. In addition to meeting the legal requirements of the countries in which we do business, we ensure our employees have safe equipment and facilities; are offered competitive compensation packages; and are supported by stringent voluntary workplace safety standards.
- The highest ethical standards: Lenovo is committed to the highest standards of integrity and responsibility, including respecting and protecting intellectual property. We provide guidance to every employee on a wide range of issues, including ethical business practices, securities trading, health and safety, and compliance with legal and regulatory requirements.
- Concern for the environment: Lenovo is committed to environmental responsibility in all aspects of its business, from product design and supplier selection to manufacturing, facilities management, transportation and logistics and product lifecycle management, including recycling and reuse.
- Donating time and resources: 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 one 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 or issues happen to be.

3.2 Lenovo at a Glance

Lenovo Group Limited

Countries where Lenovo Operates

- More than 60 countries worldwide.
- Major research centers in Yokohama in Japan; Beijing, Shanghai and Shenzhen in China; and Morrisville, North Carolina in the US.
- Manufacturing and assembly facilities in Beijing, Shanghai, Huiyang and Shenzhen in China; Pondicherry in India; Monterrey in Mexico; Greensboro in NC; contract manufacturing and OEM worldwide.
- Call centers in North America, South America, Europe, Asia and Australia.

Principal Operations

Morrisville
1009 Think Place, Morrisville, North Carolina 27560, US
Phone: 866-96-THINK (866-968-4465)

Beijing
6 Chuang Ye Road, Haidian District, Beijing 100085, China
Phone: 86-10-5886-8888

Singapore
151 Lorong Chuan, #02-01, New Tech Park, Singapore 556741
Phone: 65-6827-1000

Incorporated

Hong Kong, 1988

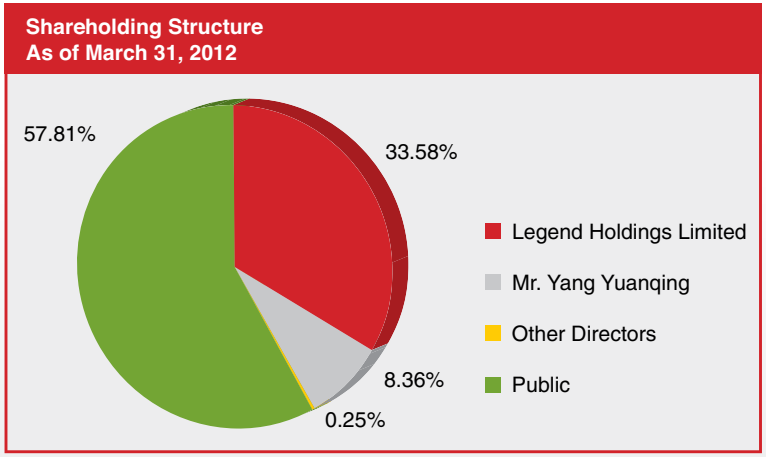
- Listed on The Stock Exchange of Hong Kong since February 1994 (Stock code: 992).
- Issued Level I American Depositary Receipts (ADRs) in March 1995 (Stock code: LNVGY).
- World's second largest PC vendor, the fastest growing PC maker among top four global vendors.
- Major research centers in Yamato,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

Chief Executive Officer

Yang Yuanqing

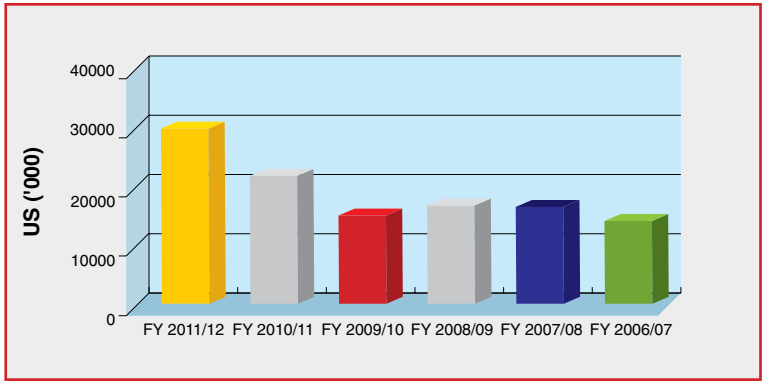
Lenovo's Ownership Structure

Figure 3.1 Shareholding Structure



Fortune Global 500 Company

Figure 3.2 Net Sales



- **Number of Employees**

  More than 27,000 employees worldwide.

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

Lenovo Products

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

Figure 3.3 R&D Expenses as Percent of Sales

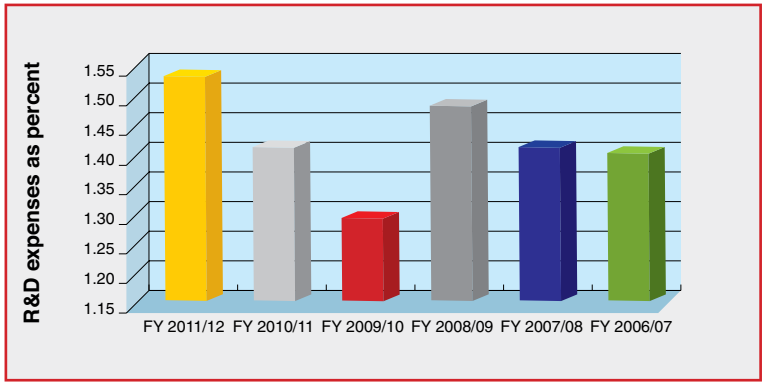
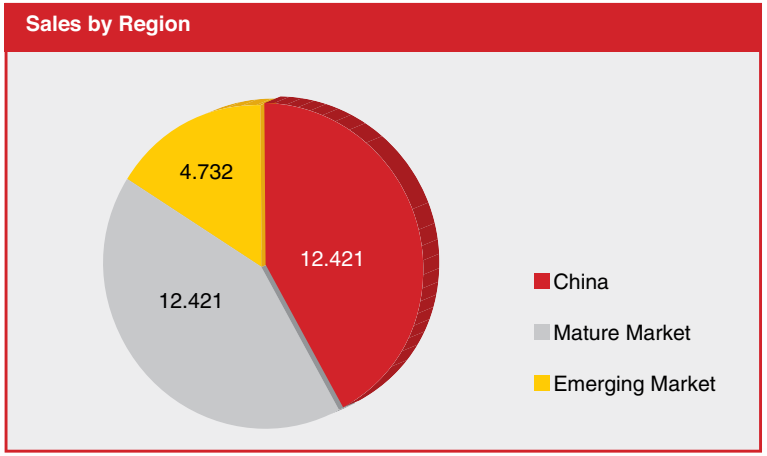


Figure 3.4 Sales by Region



Acquisitions/joint ventures

During the fiscal year, the Group completed the business combination of NEC joint venture and the acquisition of Medion in the end of June and July, respectively. Both companies performed better than their respective markets and their original forecast. The Group has included NEC joint venture's full quarter contribution since its fiscal quarter two, whereas Medion contributed two months in the fiscal quarter two, then full quarter thereafter, and the two entities were both earnings accretive.

See http://www.lenovo.com/ww/lenovo/investor_relations.html for more information about Lenovo.

3.3 Corporate Governance

Governance is the foundation of a sustainable company. Lenovo provides detailed information about its governance structure, policies and performance on pages 34 – 58 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, 2012, the Company has complied with the code provisions of the Code on Corporate Governance Practices required for companies traded on the Hong Kong Exchange. The Company has also adopted the Model Code set out in Appendix 10 of the Listing Rules and has implemented a company policy based on this Model Code to govern securities transactions by directors and designated senior management of the Company. Finally, to address potential conflicts of interest at the Board level, it is expressly provided in the Company's Articles of Association that, unless otherwise permissible in the Articles of Association, a director shall not vote on any resolution of the Board approving any contract or arrangement or any other proposal in which he/she is materially interested.

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, while 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, 2012, there were eleven Board members consisting of 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 89-91.

The Company has established three Board Committees: the Audit Committee, Compensation Committee and Nomination and Governance Committee. Each Board Committee has defined terms of reference, available upon written request to the Company Secretary. Further detail on the duties and operation of these Board Committees is included in the Annual Report, pages 42-45.

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 the present stage.

3.3.3 Communication with Shareholders and Investor Relations

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

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

Further information about Lenovo's 2011 Annual General Meeting and Investor Relations activities is available in the Annual Report at pages 51–53.

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-focused enterprises, with particular focus on those who compete in the PC sector.

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 necessary license or other permission that may be required.

3.3.6 Employee Code of Conduct

Lenovo strives always to operate in an ethical and legal manner. The Company has created a Code of Conduct (available online – click here) to inform and to guide employees in their everyday conduct at the Company. The Code is implemented with a training program for all employees, to promote understanding and compliance.

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 customers.

3.4 Lenovo Products

We are entering a new era in technology – we call it PC+. While PCs are central to the digital lives of millions of people and businesses, there are many new devices emerging on the 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+ 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 the technological needs of today’s and tomorrow’s doers.

3.4.1 Sustainable Quality

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

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

Lenovo’s commitment to quality ensures a sustainable business for ourselves and for our customers. Because our products are reliable, Lenovo customers are able to trust them with their business. By keeping that trust, we maintain a competitive advantage and assure 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 engineered products. Product managers are responsible for establishing objectives and measuring results to drive continual improvement in quality and customer satisfaction throughout the organization.

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

Lenovo’s Technical Evaluation Center provides information and recommendations to Lenovo Engineering. Lenovo’s Lessons

Learned feedback loop aids in refinement and the maturation of our processes and elimination of recurring problems. As a result, Lenovo's product repair action rates are among the lowest in the industry.

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

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

Customer-Focused Testing

Once the product development phase is completed, 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 installations on customers' premises.

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

3.4.2 Safety and Ergonomics

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

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

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

Figure 3.5 Hardware Safety Assessment Requirements at Lifecycle Points

Point in Product Lifecycle	Hardware Safety Assessed?
Development of product concept	No[1]
R&D	Yes
Certificatio	Yes
Manufacturing and production	Yes
Marketing and promotion	No[2]
Storage distribution and supply	Yes
Use and service	Yes
Disposal, reuse or recycling	Yes

[1]Too early at this stage.
[2]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. Lenovo determined that due to a failure of the power supply in the affected all-in-one PCs, the system can overheat and pose a fire hazard. Lenovo took immediate action and offered free power supply replacements for all affected ThinkCentre M90z and ThinkCentre M70z all-in-one desktop PCs.

Click this link for information about the above and past Lenovo product recalls.

Click this link for Lenovo's corporate Product Safety and Ergonomics policy.

3.5 Stakeholder Engagement

No business can act alone. Lenovo acknowledges that a variety of perspectives are relevant to shaping Lenovo's sustainability strategy. Lenovo engages with a variety of stakeholders and utilizes their feedback as we develop our sustainability strategy and as we document our progress in our reporting. This includes interactions with customers, employees, investors, regulators, suppliers, the communities in which we operate, nongovernmental organizations (NGOs) and others.

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

- Relevance of stakeholder concerns to Lenovo's core business, product set and customers
- Extent of expertise, both in terms of the subject matter and the geographic coverage
- Importance of issue 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 does not have a regular schedule for receiving stakeholder input but rather engages with individual stakeholders on an ad hoc basis as needed by the subject matter and individual stakeholder requirements. For example, Lenovo's China Corporate Social Responsibility team works with the World Wildlife Fund (WWF) in China on several issues, including as part of the Climate Pioneer program where Lenovo and 10 other companies share low-carbon practices as a business case, as part of the WWF's Earth Hour climate change awareness program, and in the WWF China's business network where best practices are shared through a series of workshops. Local stakeholder engagement at the site level is primarily done through Lenovo's Community Relations (see section 4.2.4 of this report) or Communications teams, who work closely with Lenovo's Global organization on sustainability issues.

Key issues that have been raised through Lenovo's engagement with stakeholders include climate change, carbon disclosure, packaging, energy efficienc , recycling, use of environmentally preferable materials and others. Lenovo has responded to these concerns by publishing a climate change policy, participating in the Carbon Disclosure Project (see section 6.2 of this report), making improvements in our packaging design and materials (see section 6.3.3 of this report), making energy efficiency data available on our website, providing free consumer recycling options in many geographies (see section 6.4.3 of this report), increasing the use of post-consumer recycled content (see section 6.3.1 of this report) and other actions.

In addition to looking to external stakeholders for input, Lenovo also seeks out internal stakeholder input through its annual 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 4.1.9 of this report).

Lenovo is in the process of formalizing our stakeholder engagement strategy as part of our FY 2012/13 Sustainability Objectives and Targets (see section 2.4 of this report).

4.0 People

4.1 Lenovo Employees

4.1.1 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, innovative and entrepreneurial spirit, teamwork across cultures and trustworthiness and integrity. Lenovo's diversity policy is also grounded in these core values, seeking to drive innovation and creativity at Lenovo by leveraging both the similarities and differences of our diverse, talented and global workforce to support strong business performance which will contribute to our long-term success.

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 Office .

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 a woman'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 US. 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 6th 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.

In addition to WILL, each quarter, Lenovo provides the opportunity for selected women employees to attend a professional development luncheon workshop hosted 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 on personal and business development.

4.1.2 Ethics and Compliance

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

To make sure employees understand the company's expectations, we have a Code of Conduct that applies to all employees worldwide and is an integral part of our ethics and compliance program. The Code demonstrates Lenovo's commitment to a culture of uncompromising integrity and helps employees determine when to seek advice and where to obtain it. All Lenovo employees are required to comply with the Code, which is available in seven languages and is accessible on our website at http://www.lenovo.com/social_responsibility/us/en/2011_Lenovo_CodeofBusinessConduct_EN.pdf

Furthermore, in keeping with best practices, Lenovo has 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.

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

Lenovo provides formal, confidential ways to report when potential violations of law, company policy or the Code of Conduct occur. These include postal mail, 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, which is designed to encourage reporting and protect against fear of retaliation. The LenovoLine and other resources are also available to help counsel employees who may have questions or concerns. Lenovo regards any suspected violation of law, policy or the Code as a serious matter and is committed to follow up on all reported concerns, which are addressed and tracked to resolution.

Lenovo also provides a detailed description of its Internal Controls and Internal Audit function, including enterprise risk management and compliance, on pages 46-49 of its 2011/12 Annual Report.

4.1.3 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.

Lenovo is committed to creating and maintaining a workplace that provides for optimal employee health and safety. This commitment is reflected in Lenovo's corporate health and safety policy, which focuses on 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 and 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 our 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 three 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 by Bureau Veritas, a leading independent certification body, at all global manufacturing locations. 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 a need 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. For instance, 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 examples to motivate employees to engage in a health and fitness lifestyle. Examples of other employee health promotion offerings include health risk assessments, immunization clinics and a wellness program that reward employees for engaging in healthy behaviors and activities.

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

In December 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. 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 US OSHA VPP (Voluntary Protection Program). Meeting a set of

rigorous requirements along with passing multiple government certification audits are key cornerstones of this program

For the second consecutive year Lenovo Shenzhen (LIPC), China was awarded the 2012 “Enterprise Health Management Excellence Performance Award” at the Health Management and Insurance Summit Forum and Organizing Committee, a forum organized by Chinese Medical Doctors in Beijing.

Once again, the LIPC facility was recognized with the Model Safety Culture Enterprise in workplace safety management and also received its second consecutive “Safety Outstanding Contribution” award from the FuTian People’s Government & Safety Management Committee for 2011. This award is noteworthy because Lenovo was one of two companies and institutions out of numerous submissions to the government that was recognized as a responsible corporate citizen that actively takes care of employees and the community.

Lenovo Shanghai was recognized for Excellent Occupational Health, Safety and Environmental performance by the local government, while the Lenovo Huiyang plant was given the Advanced Safety Management Company Award for 2011 by the Huiyang Safety Management Bureau. Additionally, Lenovo Beijing was recognized with the Excellent Safety Performance award for 2011 by the local Safety Management Committee, and the Lenovo Pondicherry, India plant was presented with the Gold Certificate of Merit on health and safet .

In the United States the US Fulfillment Center (USFC), in Whitsett, North Carolina, was recognized by the North Carolina Department of Labor with their fourth consecutive annual Gold Award for accident prevention, while the Morrisville, North Carolina headquarters location was recognized with its seventh consecutive Gold Award in 2011.

Overall, Lenovo’s OHS Programs have received favorable manufacturing Opinion Survey responses from our employees.

4.1.4 Human Rights

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

4.1.5 Employee Development

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

Most recently, Lenovo has implemented Learning@Lenovo, a suite of 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 receive performance evaluations and have career discussions at least annually.

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.

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 development 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.

4.1.6 Global Benefits

Lenovo recognizes the importance that employees and their families place on a comprehensive benefits package. To ensure that Lenovo can attract and retain high-quality talent in the competitive technology marketplace, a variety of benefits are offered that are 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
- Distinguish through Lenovo's commitment to wellness

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

Health 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 pays 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 far 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 screening, 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.

We are proud that a number of local, national and "best in class" awards have recognized Lenovo's wellness efforts and results. Lenovo's Shenzhen (LIPC), China facility was recognized with

its sixth consecutive "Safety Outstanding Contribution" award from the FuTian District Safety Government Committee for 2010. This award is noteworthy because Lenovo was one of only 57 recognized companies and institutions out of over 5,000 submissions to the government as a responsible corporate citizen, actively taking care of employees and the community. The United States Fulfillment Center (USFC), in Whitsett, North Carolina was recognized by the North Carolina Department of Labor with their third consecutive annual Gold Award while the Morrisville, North Carolina headquarters location was recognized with its sixth consecutive Gold Award for accident prevention in 2010. In addition, both the USFC and Monterrey, Mexico locations received the "Highly Protected Risk" award from Factory Mutual Global Commercial Insurance Company by following FM Global property loss prevention programs such as fire protection system testing and emergency planning. Lenovo's United States facility was locally recognized by the American Heart Association as a GOLD! Start! Fit Friendly Company in 2010 and 2011, and as one of Business Leader's 2010 Healthiest Companies in the Triangle.

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.

4.1.7 Compensation, Performance and Recognition

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

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

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

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

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

4.1.8 Privacy, Work Environment and Employee Complaint Process

Privacy

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

Click here to see Lenovo's Data Privacy Policy

Work Environment

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

Click here to see Lenovo's Diversity and Nondiscrimination Policy.

Employee Complaint Process

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

Click here to see Lenovo's Commitment to Diversity and Nondiscrimination.

Employees are directed to report to their managers, Human Resources, the Ethics and Compliance Office, or the local Lenovo Legal Department with 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 safet
- Violation of Lenovo's corporate policies and guidelines, in particular its Code of Conduct

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; or
- Files, testifies or participates in a legal or administrative proceeding related to such matters.

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

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

4.1.9 Lenovo Listens Employee Engagement Survey

Lenovo seeks the insights of its employees worldwide through its annual Lenovo Listens Employee Engagement Survey. It helps us measure how well it is building its culture of commitment and ownership and how much it is increasing employee engagement globally, regionally and locally. We analyze the data from the survey and create meaningful action plans to address areas of concern. In the 2011 survey, launched during the fiscal year, we learned that our worldwide employees: (1) are proud to work for Lenovo and feel deeply connected to its culture; (2) feel supported by their managers and (3) as a whole, prioritize the company first to get things done. As a result of the survey feedback, we had over 5,600 Manager and Individual action plans and created two worldwide executive task forces to build upon our Lenovo Way culture of commitment and ownership by focusing on enhancing both innovation capabilities and operational efficiency around the world. These efforts will help Lenovo not only continue to win in PCs, but also prepare it to compete effectively in the PC+ Era where it is bringing many new and innovative devices (Tablets, Smartphones, Smart TV, etc.) to market around the world.

4.2 Investments in People

4.2.1 Commitment

Lenovo annually commits up to one percent of its pretax income to programs and initiatives that serve society. Therefore, the size of our programs will grow as the company grows. The more success we achieve, the more we will be able to share that success with those around us. Our investments are in four program areas: **Next Generation Hope Fund, Global Disaster Assistance, Community Outreach and Collaborations and Partnerships.**

4.2.2 Next Generation Hope Fund

Lenovo's Next Generation Hope Fund is helping redefine how Lenovo and our employees support the communities where we live and do business worldwide. We support the needs of our communities through select investment opportunities that leverage our innovation leadership and global culture.

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.
- We evaluate the effectiveness of each investment against predefined goals upon completion.
- Lenovo provides assistance through financial contributions, equipment donations and employee volunteer hours.
- Regional offices establish extensive relationships with their local communities and regional non-governmental organizations.

Developments for the Period:

Lenovo Partners with the National Academy Foundation (NAF):

In January 2012, Lenovo partnered with the National Academy Foundation (NAF) to provide a package of technology products to five high schools across the US, including Android™-based ThinkPad Tablets and large format ThinkCentre HD All-in-One desktops, so students could compete in NAF's High School Mobile App Development Competition. Student teams participated in a semester-long curriculum to develop a working wireframe, with many teams also creating business plans and implementation schedules for the Android-based mobile applications. The winning 18 high school students presented their mobile apps at the NAF Next Conference on July 18, 2012. Winning apps included: apps for people with disabilities, apps for using public transportation, professional networking apps, games, and text to sound apps.

Students from the Grover Cleveland High School present their apps on Lenovo ThinkPad Tablets.

"Thanks to our collaboration with Lenovo, young people had the chance to apply what they are learning to a technology that is relevant and exciting to them. Strategies like this engage students, reduce the likelihood they will leave school, and increase the chances for them to excel," said JD Hoye, president of the National Academy Foundation.

Lenovo Partners with DoSomething.org:

In 2011, Lenovo partnered with DoSomething.org, the nation's largest organization for teens and social change, on an initiative to get teens off the couch during the summer and out in the community DOing good. The 11-day scavenger hunt embraced all facets of volunteerism on a variety of platforms from recycling and environmental awareness to bullying, education and poverty awareness. Both organizations combined resources and strategies utilizing traditional and social media tactics to generate awareness for the 2011 campaign on a national scale that resulted in:

Screenshot from live broadcast with teen volunteers from the 2011 initiative. "Today DoSomething.org and Lenovo, along with stars of the NBC show 'Community' launched a social media driven national scavenger hunt that aims to get teens around the country to get involved in volunteer services they care about."

- 20,000 teen sign-ups
- 26 unique articles garnering over 262 million impressions in such media outlets including The Chicago Tribune, MTV, and Raleigh News & Observer, Take Part
- #1 New York media market broadcast segment on NBC nightly news
- social media outreach engaging over 4 million followers
- more than 1,000 original tweets mentioning the initiative
- over 100,000 page views on the DoSomething Lenovo microsite

"We know texting is the best way to reach young people," said Nancy Lublin, CEO and Chief Old Person at DoSomething.org. "This [initiative with Lenovo] is the first Scavenger Hunt in DoSomething history and a great opportunity to use mobile technology when measuring the impact young people have through daily calls-to-action."

Lenovo Sponsors North Carolina State's Kenan Follows Program:

Lenovo, during FY 2011/12, was the technology sponsor for North Carolina State's Kenan Follows program for Curriculum and Leadership Development. Lenovo is supporting the incoming class of 2013 Kenan Fellows with a donation of ThinkPad laptops and tablets (US$75,000). The Kenan Program, with support from Lenovo's technology sponsorship, was established to enhance curriculum relevance for the benefit of students while engaging teachers, business and universities through unique professional collaboration.

Additional Lenovo Developments:

Lenovo also supported other various education initiatives in the United States during FY 2011/12, including a US$100,000 donation to the University of Pennsylvania. The donation supported an initiative to develop innovative and sustainable ways for technology to positively impact learning. This program benefited public schools in the Philadelphia, Pennsylvania area and advanced the effective use of technology in the computing and STEM fields, as well as the core K12 subject areas of language, social studies and the arts.

Additionally, Lenovo gave a grant of $50,000 to the Harpeth Hall School in Nashville, Tennessee, to globalize the Center for STEM (Science, Technology, Engineering and Math) Education for Girls. The Center, along with Vanderbilt University's Peabody College of Education, is creating a worldwide community to support STEM education for women and girls. All around the world, Lenovo and Harpeth Hall will help inspire and equip the next generation of women and girls to become great scientists and engineers.

4.2.3 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 lend a helping hand to those who can no longer provide for themselves.

Lenovo Supports Relief Efforts Following Earthquake and Tsunami in Japan:

In response to the March 2011 magnitude 9.1 earthquake and tsunami in Japan, Lenovo donated US$1,000,000 to the Japan Red Cross to support disaster relief efforts. In addition, Lenovo employees worldwide donated US$22,645 and Lenovo Japan donated US$11,700 for a total of US$34,345 to support ASHINAGA, a Japan-based nonprofit that provides financ al and emotional support to orphans in Japan.

Lenovo Supports Relief Efforts Following Tornados in North Carolina, USA:

When devastating tornados hit North Carolina in April 2011, Lenovo quickly mobilized resources in support of local community needs. Lenovo loaned 38 laptop computers for disaster-relief field operations and created a computer lab for tornado victims in shelters. Lenovo also donated $10,000 to the American Red Cross, N.C. Triangle Chapter and Lenovo's DO bus transported 130 residents from temporary to longer-term shelters. Lenovo employees collected 2,380 pounds of nonperishable food from local businesses and residents and organized a warehouse "store" where residents of an impacted mobile home community could receive essential supplies.

4.2.4 Outreach, Collaborations and Partnerships

China

The Lenovo China Volunteers Association (LCVA):

The Lenovo China Volunteers Association (LCVA), a volunteer organization formed by Lenovo China employees in 2008, now has over 3,000 employee members and has sponsored over 20 events thus far. This program is focused on sustainability initiatives in China including narrowing the digital divide, environmental protection, educational assistance, poverty alleviation, and disaster relief.

Bulletin board used to record employee suggestions during Lenovo China "Low-Carbon Life" event, March 29, 2012.

Lenovo's "Charity Star:"

During an event held in 2011, the LCVA and the Lenovo brand communication department co-sponsored a Lenovo employee contest called "Charity Star." The contest and event was aimed at identifying the employee charity "doers" and uncovering opportunities for more employees to participate in charitable activities.

Lenovo China employees waiting to sign bulletin board at "Low-Carbon Life" event, March 29, 2012

Lenovo's "Low-Carbon Life:"

On March 29, 2012, in support of Earth Hour, the LCVA sponsored "Low-Carbon Life" event for Lenovo employees. The event promoted low-carbon opportunities and invited employees to personally participate and provide recommendations on how everyone can do their part to reduce energy consumption. Employees were encouraged to record their individual commitment on a bulletin board at the event. The World Wildlife Fund (WWF) organization recognized Lenovo China for their participation in Earth Hour 2012.

Lenovo China "Micro-Charity" bazaar, August 23 and 24, 2011

LCVA's Company-Wide Volunteer Networking:

On October of 2011, Lenovo (China) Volunteers Association (LCVA) organized a company-wide team-building activity. Through real cooperation and teamwork, volunteers got to know each other and establish connections necessary for future volunteer work.

LCVA's "Micro-Charity Bazaar:"

On August 23 and 24, 2011, Lenovo Corporate Social Responsibility (CSR) and LCVA organized a "micro-charity" bazaar. Lenovo invited more than twenty domestic and international NGOs including the International Wildlife Conservation Society and the Hongdandan educational and cultural exchange center.

Japan

Lenovo Partners with U.dream Project:

Lenovo partnered with Microsoft during FY 2011/12 to support the U.dream project in Japan. This program was developed to encourage youth in Japan to provide a positive impact on society through programs that target education, environment, entrepreneurship and globalization. Through this program, Lenovo donated ThinkPad x220 Tablets (US $100,000) to the University of Tokyo and public junior high schools in Japan.

Americas

Lenovo Employees Care:

Lenovo employees donated $502,000 to more than 875 US nonprofit organizations. Through the corporate matching gifts program, Lenovo donated an additional $181,000 to more than 470 nonprofit organizations. Lenovo subsidizes all administrative fees associated with the campaign, enabling 100 percent of employee pledges to be directed to the designated organization.

Lenovo employees in North Carolina donated more than 1,500 volunteer hours during this period. In addition, they collected 275 coats for area children in need. Employees also donated more than 3,800 pounds of nonperishable food items to benefit individuals served by the Food Bank of Eastern and Central North Carolina. Lenovo employees also donated personal care items and created 916 care packages to be distributed to US servicemen and women by the United Services Organization.

Lenovo Receives Rex Healthcare Award:

Lenovo's Morrisville campus hosts six blood drives annually and 828 lives were impacted by the 319 Lenovo employees donating 275 pints of blood this year. Lenovo received the 2011 Rex Healthcare award given annually to the most productive community blood drive sponsor.

Lenovo Sponsors "Power Hour:"

Lenovo sponsored "Power Hour" stores at the Boys & Girls Clubs in Wake County and John Avery Boys & Girls Club in Durham, North Carolina where more than 5,000 deserving students "shopped" for needed school supplies with points earned by completing homework as well as other academic assignments. Lenovo employees donated school supply items to stock the shelves throughout the year; donations included everything from

compasses and highlighters to notebooks and pens. Ralph E. Capps, President & CEO, Boys & Girls Clubs of Wake County, stated that "Lenovo has impacted our local Boys & Girls Clubs in three very significant ways. The first is by the creation of the Lenovo Power Hour Stores in all our Clubs, providing school supplies for more than 4,000 young people throughout the year. Another is in providing exposure to our mission, our agency, our youth and our staff through opportunities to speak before Lenovo employees and including our young professionals in Chamber of Commerce events. The third is in providing computers to our clubhouses, thereby giving our members access to up-to-date technology which helps bridge the digital divide. We are indeed fortunate to have Lenovo as a partner."

Lenovo Partners with Dress for Success:

Lenovo is proud to be a supporting partner of the non-profit, Dress for Success Triangle. Founded in April of 2008, Dress for Success promotes the economic independence of disadvantaged women by providing professional attire, and a network of support and career development tools to help women succeed in work and in life. Lenovo collected suits and other business clothing and accessories and sponsored a Mock Interview Session.

Matt Griffith of Lenovo's Product Group shows what DO is all about!

Lenovo Sponsors the 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 without computer access in their homes. More than 50 Lenovo employees partnered with middle school students to refurbish 120 computers during three Kramden "Geek A Thon" events. Lenovo sponsored a Kramden Institute "Give A Thon" event at the Fort Bragg US Army base where employees helped distribute 250 computers to students of military families, offering basic training on computer set-up and navigation.

Europe and Africa

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

For six years, 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 2011, 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 Funds through our CSR programs.

Lenovo Participates at the Cercle InterElles Conference:

The Cercle InterElles was born in 2001, informally, under the leadership of women leaders of France Telecom, IBM France, Schlumberger and GE Healthcare. These women, anxious to promote diversity and equal opportunity, were able to identify common issues in their respective businesses, from the technological world. Today, this network includes twelve

companies, including Lenovo, that already have an active network of women who act in a scientific or technological environment. Each year, on the occasion of International Day of Women, the network Cercle InterElles organizes a conference, in which womens' networks of these 12 companies are invited to share in a similar willingness and analyze the conditions for success and persistent obstacles. This event aims to share around the major themes of the year, based on the findings of projects, investigations and testimonies made by the InterElles network.

Lenovo Partners with PlaNet Finance:

Lenovo's Western Europe team's partnership with PlaNet Finance aims at selecting innovative projects from young entrepreneurs in France and Europe, promoting micro financing in business environments, and optimizing technical and financial support coming from diverse populations and emerging markets. During FY 2011/12, Lenovo donated ThinkPad Tablets to microfinance local institutions to support business development.

Lenovo Partners with Ecole de la Deuxième Chance:

The Lenovo France team partnered in the opening of a new "Ecole de la deuxième chance" in Paris. The "school of the 2nd chance" fights against youth unemployment. The school offers young students training and internships from nine months to one year, allowing these students to achieve a mastery of basic skills, such as: reading, writing, counting, basic computer skills and conceptual foreign language. This initiative is committed to the betterment of education by offering students and teachers innovative technology products.

Lenovo Supports the Jugend Gründet Initiative:

During FY 2011/12, Lenovo supported the "Jugend Gründet" initiative of the German federal government. This program supports entrepreneurship programs developed for German students. The Lenovo Germany team has supported this program for the last three years and is a member of a committee tasked with judging the programs and ideas of aspiring young entrepreneurs.

Lenovo Supports the Inception Charity Event:

For FY 2011/12, the Lenovo Bratislava team supported the Inception charity event which was organized by the Lenovo Bratislava volunteer team. The main purpose of the event was to introduce two non-profit organizations which the team supports through their local charity program; Hestia and the School for Weak-Eyed Children. Hestia is a social services charity for mentally handicapped people which helps people get back on their feet and integrated into society. The School for Weak-Eyed Children utilizes technology in a special program for children with sight impediments to help children cope with everyday issues. "As leader of the Bratislava Volunteer team I am delighted with our first event," said Jana Pribylincova, Lenovo EMEA I&C team lead. "The people from Hestia and the School for Weak-Eyed Children were unbelievably talented and if we can help them by providing some of time, some of our products and work with them on improving their day to day then I believe we at Lenovo can be very proud."

5.0 Global Supply Chain

5.1 Overview

- Lenovo has been an active and on-going member of the Electronics Industry Citizenship Coalition (EICC) since 2006. We have implemented the EICC code of conduct internally in our own operations and externally with our suppliers. This includes the full use of EICC and Global e-Sustainability Initiative (GeSI) programs, tools and auditors. Many of our major suppliers are EICC members (e.g., Intel®, AMD, Microsoft®, Samsung, Seagate®, etc.).
  - Specificall , we have had direct participation in multiple EICC/GeSI activities such as the extractives and due diligence work groups, training events, greenhouse gas emissions reporting, Validated Audit Program (VAP), and conflict minerals activities
- Lenovo focuses on sustainability across the Global Supply Chain (GSC) organization with key program owners in Manufacturing, Logistics, Procurement and Strategy Development. 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.
  - The GSC Manufacturing organization ensures EICC and regulatory compliance with a specific focus on Occupational Health & Safety at our production facilities.
  - The GSC Logistics organization is focused on increasing environmentally friendly shipping methods, reducing carrier greenhouse gas emissions and engaging external and regulatory agencies to pursue continual improvement actions.
  - The GSC Procurement organization has standard programs covering Supplier contractual stipulations and performance, environmental risk management and auditing, EICC compliance, hazardous substance avoidance, greenhouse gas emissions transparency and reduction, and conflict minerals avoidance
  - The GSC Strategy Development organization is involved to ensure sustainability is a strategic focus and that the organizations have key initiatives in place not only to increase our efforts, but also to drive Lenovo to an industry leadership position.
- Human Rights
  - Lenovo manages all operations consistent with the spirit and intent of the United Nations Universal Declaration of Human Rights and the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work.
  - Lenovo is committed to protecting human rights. We are a signatory to the United Nations Global Compact, which is a public-private strategic policy initiative for businesses committed to aligning operations and strategies with ten universally accepted principles in the areas of human rights, labor, the environment and anti-corruption. As a signatory, we support and respect the protection of internationally proclaimed human rights and ensure that our business practices are not complicit in human rights abuses.
  - As an 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 upholding the human rights of workers.

5.2 GSC Manufacturing

Lenovo applies the same demanding EICC standards to its own Global Supply Chain operations. We conduct regular Occupational Health, Safety and Environmental assessments at all internal global manufacturing locations to ensure high levels of regulatory and external management system 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 auditing organization along with prompt corrective action on identified improvement opportunities.

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

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

5.3 GSC 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 will set up the GHG emission baseline for international shipment in April 2012, and will expand the baseline and measurement to domestic transportation and distribution centers across all the operations.

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. It was estimated that this initiative will reduce approximately 640 MT CO_2e per year. After the anticipated launch in October 2012, Lenovo plans to expand the project in waves, first to East China and subsequently to the rest of the world.

Global Logistics always proactively drives ocean consolidation opportunities to reduce the number of containers shipped out of China manufacturing sites to reduce carbon emissions. The Ocean Consolidation Project will be implemented in the third quarter of 2012. Implementing the container consolidation project from China to Western Europe is estimated to deliver utilization improvement of 18 percent and related CO_2 emission reduction of an estimated 20 percent.

In North America, Lenovo Global Logistics joined the EPA SmartWay program beginning in 2008 and will continue the program with EPA SmartWay in 2012, requesting its North American carriers comply with EPA SmartWay standards. In Asia Pacific, Global Logistics is working closely with the Green Freight Asia Network (GFAN) to identify opportunities to road test the GFAN standards and methodologies with domestic transportation in China.

5.4 GSC Procurement

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

Following are key procurement supplier programs related to Sustainability.

5.4.1 Contractual Stipulations

- Lenovo's standard Purchase Order (PO) terms and conditions stipulate supplier compliance to 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 employees based on race, color, religion, sex, age, natural origin or any other legally protected class.

5.4.2 Supplier Performance Evaluation and Business Reviews

Lenovo's goal is 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/flexibilit , 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 actions plans. One primary goal is to grow 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 semi-annually to ensure conformance to process standards.
- We engage suppliers tactically through quarterly business reviews to discuss supplier operational and control performance. We engage suppliers strategically through supplier conferences, a Lenovo Supplier Advisory Council (representing at least the top 20 Lenovo suppliers), and key executive interlocks.

5.4.3 Environmental Risk Management

As required by Lenovo Corporate Environmental standards, Procurement identifies areas of environmental risk based on specific criteria and then conducts prescribed actions to ensure risk is mitigated. Specificall , suppliers are classified by a risk category which then drives the needed actions as noted below.

- Category 1 suppliers are those where Lenovo purchases off-the-shelf goods, or uses processes or services produced or offered commercially and are consistent with the supplier's normal business activities. In these situations, environmental audits typically are not required because Lenovo is not directing specific activities of potential environmental risk
- Category 2 suppliers are those where there may or may not be an environmental risk. These are situations where 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 pre-assessment is conducted to determine if actual 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 require additional contractual terms and conditions and semi-annual activity reporting.

5.4.4 Hazardous Substance Avoidance

We have a formal Material Declaration process (http://www.lenovo.com/global_procurement/us/en/Guidelines/Restrictions_and_Packaging.html) where suppliers must disclose their compliance to our Baseline Environmental Requirements for Materials, Parts and Products Specification. This specification enumerates over 600 elements and compounds that Lenovo restricts in our products. This practice is consistent with the Institute of Printed Circuits 1752 industry reporting standard.

Starting in January 2013, Lenovo will completely reengineer our process and tools to improve reporting, as well as support formal CE markings for our products in the European Economic and Free Trade Areas.

5.4.5 EICC Compliance

We implement a full EICC program with our suppliers with formal and separate agreements. Following are details on requirements and implementation.

The agreements require the supplier to:

- Comply with the code.
- 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 suppliers also to comply with the Code.

Key statistics are as follows:

- At least 95 percent of our procurement spend covered with EICC Agreements.
- At least 95 percent of the suppliers are doing the self-assessments on-time, and we will convert from E-TASC to EICC-ON by December 2012.
- At least 92 percent of the suppliers are doing the audits on time.
- No audits to date have resulted in any Zero Tolerance or High Priority findings.
- Compliance from previous round of audits to current round of audits have improved 9 percent.

In FY 2012/13, we will conduct a deep-dive on specific top areas of non-compliance and drive improvement actions in each of the EICC five focus areas (i.e., labor, environmental, occupational health & safety, management system, and ethics.

5.4.6 Greenhouse Gas Emissions and Water Usage

Lenovo continues to participate with the 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 EICCGHG and Water Questionnaire or providing copies of the Carbon Disclosure Project reports (CDP-http://www.cdproject.net).

In FY 2011/12, suppliers covering 80 percent of our Production Procurement spend reported total scope 1 and 2 emissions of 914,000 Metric Ton Carbon Dioxide Equivalent (MT CO_2e). Therefore an estimate of total procurement supplier emissions, including Indirect Procurement and accounting for “reporting scope coverage,” is 1,268,000 MT CO_2e. Also, all of the reporting suppliers indicated reduction goals have been established.

In FY 2012/13, we anticipate reporting spend coverage of 95 percent of our production suppliers. While we have not directly engaged our recently acquired Medion and NEC businesses on

their supplier emissions, we estimate that Lenovo's base program and suppliers cover approximately 30 percent of their spend. We also plan to establish baselines, not only for emissions, but also for third-party verification and supplier reduction goals, and then take efforts to increase them respectively.

5.4.7 Conflict Minerals Avoidance

Lenovo is committed to protecting the environment and the communities in which we operate. Lenovo recognizes the importance of concerns about the sourcing of tin, tantalum, tungsten and gold (3T/G) materials from regions experiencing political and social conflict, often referred to as "conflict minerals," and which may include these minerals originating in the Democratic Republic of the Congo or surrounding countries. We fully support the efforts of the EICC, GeSI, NGOs 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.

- We notified our suppliers in 2009 and requested their support of EICC and GeSI activities to bring greater transparency to the issue and 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 in the Lenovo intranet and will not willingly purchase materials containing 3T/G. (http://www.lenovo.com/social_responsibility/us/en/Conflict_minerals_statement.pd)
- We participate in EICC workgroups on Extractives, Due Diligence and have participated in 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 OECD's Due Diligence Conflict-Free Minerals framework and the Dodd-Frank 1502 ruling.
- Lenovo complies with mineral sourcing and disclosure requirements in each geography and country in which our products are sold worldwide.

In FY 2012/13, we will commence efforts to comply with the Dodd-Frank 1502 ruling even though Lenovo is not required to do so. We will use EICC's Due Diligence tools, request suppliers to report quarterly to the Due Diligence template, and as smelters and refiners are identified, to utilize the CFS program to certify suppliers.

5.5 GSC Strategy Development Organization

The GSC Strategy organization has a broad vision and recognizes that the biggest opportunity to improve overall Lenovo sustainability exists within the Global Supply Chain. Governments, NGOs, investors and customers expect manufacturers to obey regulations, reduce risk of non-compliance, and push for greater social and environmental responsibility while offering innovative, reliable and sustainably-produced products.

Our mission is to become the most transparent and sustainable supply chain in the personal technology industry by leading in economic, environmental and social sustainability. Creating long-term value in sustainability is not at odds with profits. We can create a competitive business advantage and improve company performance by being socially and economically responsible.

For FY 2012/13, we will focus our strategy of implementing a process and management system to consolidate and to collaborate across all of GSC and to build the foundation for long-term Lenovo leadership.

6.0 Planet

6.1 Lenovo's Environmental Commitment

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

Lenovo's Corporate Policy on Environmental Affairs 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 objective .

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.

6.1.1 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, with the use of plastics and hardware materials less than 50 percent of those used in traditional PCs.
- 2004 and 2005 – Lenovo China received the "Green Product" award for the desktop PC from the China

Environmental Protection Foundation. Lenovo also received the “Green Innovation” award for the Lenovo Innovation Center building.

- 2005 – All Lenovo’s commercial products met China’s energy savings targets.
- 2006 – Lenovo successfully completed a comprehensive integration of legacy environmental management systems.
- 2007 – Lenovo introduced a complete line of notebook and desktop computers complying with the latest US EPA ENERGY STAR® requirements.
- 2008 – In May 2008, the Lenovo ThinkVision® L174 and L197 Wide monitors won seven awards:
  - “China IT Coalition” awarded by Computer World
  - “Green Energy Efficient Product” awarded by CWEE
  - “Strongly Recommended Product” awarded by CWEEK
  - “Green Power-Saving Model” awarded by PC Info
  - “Green Energy Efficient Product” awarded by I 168
  - “Green Certificate” awarded by PC Magazin
  - “Editor Recommended Product” awarded by CHIP
- 2008 – In July 2008, the Lenovo YangTian A6800v desktop gained SP “Editor’s Choice Green Award.”
- 2008 – In August 2008, the Lenovo ThinkVision L196 Wide and L2240p Wide monitors won two awards:
  - “Recommended Green Product” awarded by PC Magazine
  - “The Energy Efficient Champion” awarded by PC Magazine
- 2008 – In October 2008, the Lenovo YangTian desktop won China Information World’s “Green IT Product Award.”
- 2008 – In December 2008, the Lenovo ThinkVision L196 Wide monitor won PC Magazine’s “Green Choice Award.”
- 2009 – Lenovo Norway awarded Eco-Lighthouse certification.
- 2009 – In January 2009, Greenpeace produced the report “Green Electronics: The Search Continues,” and 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 ThinkCentre A70z all-in one PC was awarded the new TCO Certified All-in-One PCs label.
- 2010 – In March 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 September 2011, several ThinkVision monitors achieved Gold rating with UL Environment (e.g. ThinkVision LT1952, LT2252p, and LT2452p).
- 2011 – In September 2011, several ThinkPad products were certified with U Environment (e.g. ThinkPad XI and 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 leads in the Nordics with most products registered with Nordic Ecolabel – 60 products including the first registered tablet

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.

6.1.2 Lenovo's Environmental Management System

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

Figure 6.1 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	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, Thavalakuppam Village	Manufacturing
Japan	Yokohama	3-6-1 Minatomirai, Nishi-ku	Development
Mexico	Apodaca, NL	No. 316 Boulevard Escobedo	Manufacturing
USA	Morrisville, NC	1009 Think Place	Development, Administration
USA	Whitsett, NC	6540 Franz Warner Parkway	Fulfillment Center

Click here to view Lenovo's Global ISO 14001 registration certificate.

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

During FY 2011/12 our significant global environmenta aspects included:

- Product materials—including use of recycled plastics and environmentally preferable materials,
- Product packaging,
- Product energy use,
- Site air emissions,
- Supplier environmental performance,
- Site energy consumption, and
- Waste management.

Click here to see the status of Lenovo's FY 2011/12 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 Lenovo performed reasonable level of assurance for energy, GHG emissions, waste and water data.

Click here to see the FY 2011/12 GHG Verification Statement or visit http://www.lenovo.com/climate

Click here to see the FY 2011/12 Waste and Water Verification Statement or visit http://www.lenovo.com/social_responsibility/us/en/waste_water.html

Compliance – The Foundation of Our EMS

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

- Carbon Disclosure Project (CDP)
- China Energy Conservation Program (CECP)
- China Environmental Labeling Program (CELP)
- Coalition for Energy and Environmental Leadership in Leased Space
- ECMA-370 – The Eco Declaration Standard
- Electronic Industry Code of Conduct (as a member of the Electronic Industry Citizenship Coalition EICC)
- Electronic Product Environmental Assessment Tool (EPEAT™)
- Global Reporting Initiative (GRI)
- Greenguard
- International Electronics Manufacturers Initiative (iNEMI)
- International Standard ISO 14001:2004, Environmental Management Systems
- Nordic Ecolabel
- Rechargeable Battery Recycling Corporation (RBRC)
- Responsible Recycling (R2)
- UL Environment
- UN Global Compact
- US EPA's ENERGY STAR® Program
- US EPA's Green Power Partnership
- US EPA's SmartWay

We verify compliance with regular, periodic internal and third-party audits of our facilities and operations.

Lenovo received no notices of violation nor incurred any known breaches of regulatory requirements during FY 2011/12.

6.1.3 Product Life Cycle Management

Lenovo strives to show that the effective use of more efficient Information and Communication Technology (ICT) equipment can deliver tremendous environmental results not only for the Information Technology (IT) industry and personal technology users, but also for the planet. Lenovo's product environmental strategy focuses on energy-efficient products, energy management tools, product carbon footprint, the use of environmentally preferred materials, and 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 efficienc , an already outstanding offering of energy-efficient IT products and internal processes in place to drive continued improvements in operational efficienc , Lenovo is well positioned to benefit from an increasing demand for energy-efficient products with smaller carbon footprints.

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

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

Energy Management Features

Lenovo offers several innovative tools for taking control of PC's power consumption, determining energy savings, reporting on the energy performance of building equipment and IT devices. Lenovo PC's energy-efficie t tools and eco-friendly features include:

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

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. It is hoped that this work will move the industry towards a standard method for establishing PCF. Lenovo's product development groups are currently in the process of evaluating PAIA notebook, desktop and visuals tools. We will begin sharing PCF calculated data using these tools with customers during 2012.

As a PAIA project member, Lenovo is also a participant in the EU ICT footprint pilot tests. The project is assessing the compatibility of methodologies for the measurement of the energy consumption and carbon emissions arising from the lifecycle of ICT products and services. More information is available at http://www.ict-footprint.com

In November 2011 Lenovo started working on the Product Carbon Footprint (PCF) China Standard Project in cooperation with the Ministry of Industry and Information Technology of the People's Republic of China. Lenovo has been supporting the project in the following four areas: Product Category Rule, Desktop PCF, Notebook PCF and PCF Certification. Among other concrete supporting activities, Lenovo provided a product carbon footprint training session to more than 200 component suppliers and successfully performed the first facility-based GHG verification by CESI for the manufacturing site in Shenzhen.

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

Environmentally Preferred Materials

Integration of environmentally preferred materials into our products is another focus for Lenovo's product development process. Transitioning to low halogen components where feasible and inclusion of post-consumer recycled content (PCC) plastics continues to be instrumental in our development strategy. Lenovo is recognized as an industry leader in using PCC and designing environmentally sustainable products. From early 2005 until December 31, 2011, Lenovo's use of post-consumer recycled content and post-industrial recycled content (PIC) plastics in its products exceeded 85 million pounds. Lenovo is committed to incorporate some amount of PCC into every PC product and continuously increase use of PCC in each product family.

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

Product Packaging Initiatives

Lenovo reduces the volume of packaging through implementing the use of recycled and recyclable material, smaller sizes of boxes and reusable bulk packaging. Lenovo has also started working on a Pallet Pooling project that drives wooden pallet recycling and consumption reduction – it is expected to be implemented in phases starting in Shenzhen in October 2012.

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

6.1.4 Partnering and Collaboration

We focus and refine our strategy through highly relevant partnerships and collaboration around the globe. Currently our partnering and collaboration strategy centers on climate and energy issues. Lenovo is monitoring the development of climate change regulations and voluntary commitment 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.

In FY 2011/12, Lenovo has been active in the energy efficiency workgroups, associations and initiatives, including:

- Stakeholder Advisory Group for the World Resources Institute (WRI) & World Business Council for Sustainable Development (WBCSD),
- Electronics Industry Citizenship Coalition's Environmental Sustainability Group,
- Technical Working Group for the Carbon Disclosure ICT Module,
- US EPA SmartWay Program,
- Product Attribute Impact Algorithm (PAIA) Project,
- Member of Coalition for Energy and Environmental Leadership in Leased Space,
- United Nations Environmental Programme (UNEP),
- China GHG Standard,
- China Green PC Standard,
- Visual China Energy Efficiency Standard
- China Environmental Labeling Program,
- Energy Saving Work Association of Chinese Institute of Electronics,
- China Energy Conservation Program.

6.2 Operations

Overview of Our Footprint

Lenovo's operational footprint spans the globe. Lenovo has dual headquarters located in Beijing, China and Morrisville, NC, USA. It also operates research and development (R&D) centers in Yokohama, Japan; Beijing, Shanghai, Xiamen, Chengdu and Shenzhen in China; and Morrisville, NC, USA. Manufacturing and assembly facilities are in Beijing, Chengdu, Shanghai, Huiyang, Shenzhen, and Xiamen, China; Pondicherry, India; Monterrey, Mexico and Greensboro, 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 2011/12. During the year, we announced acquisitions and joint ventures that will further expand our operations in China, Japan and Germany. In October, Lenovo announced the construction and operation of a manufacturing facility in Hefei, China in cooperation with Compal Electronics Inc. In July, 2011, we announced the acquisition of a majority share in the German electronics company Medion. In August 2011, NEC and Lenovo announced the two companies were entering into a joint venture in which Lenovo acquired majority share in NEC-PC. Integration and alignment of all these operations with Lenovo management systems is ongoing.

Lenovo, as a member of Coalition for Energy and Environmental Leadership in Leased Space, has used the Environmental and Energy Efficiency Attributes Checklist for an evaluation process for new leased buildings in areas of sustainable site management, water efficienc , energy efficiency and materials and resources.

Currently the buildings in Morrisville, NC are ENERGY STAR® certified and several existing and new buildings are evaluated according to either international or local green building standards (e.g. Milan is undergoing the LEED certified interior process and new headquarters building in Beijing is pursuing China Green 3 Star and LEED Gold certification).

Many of Lenovo's buildings have implemented green features that contributed to the reduction of our energy and GHG emissions. The new manufacturing facility in Chengdu implemented several environmental attributes into the building design, which include: an energy management system that automatically turns the lights and ventilation system on and off at pre-set times, low emissivity glass that allows natural light to penetrate deep into the interior space of the building, highly efficient water-cooled mechanical system that allows the building motors to run at a lower RPM, and usage of a high percentage of recycled content for structural steel, walls, roof, and interior furniture.

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 2.3 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.

Moreover, during the FY 2011/12, we participated in numerous voluntary environmental initiatives in an effort to reduce our impact on the environment, including the following:

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

Lenovo joined the UN Global Compact in January 2009. Lenovo's 2011 communication on progress expresses a commitment to continued support of the UN Global Compact and its ten principles, identifies targets, defines performance indicators, and measures outcomes.

- **Underwriters Laboratories (UL) Environment Sustainable Products Certification**

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

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

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

- **ENERGY STAR®**

Many Lenovo notebook, desktop, workstation, server and monitor products satisfy and even exceed the current ENERGY STAR® requirements. Lenovo also participates in rating Lenovo's existing building energy performance relative to similar buildings nationwide. Lenovo's Morrisville, NC, buildings became ENERGY STAR® certified in 2010 and recertified in 2011, which indicates that from an energy consumption standpoint the buildings perform better than 75 percent of all similar buildings nationwide.

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

Lenovo adopts the EICC Code of Conduct in all five critical areas: labor, health and safety, environment, management system, and ethics. Lenovo actively participated in the Environmental Sustainability group, which includes projects related to the supply chain carbon/water emission reporting system and tools, among others. Lenovo also participates in the Extractives Working Group, which focuses on issues surrounding conflict minerals

- **Carbon Disclosure Project (CDP)**

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

- **US Environmental Protection Agency 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.

- **World Resources Institute (WRI)**

Lenovo continues its support of the GHG Protocol, most recently supporting development of the Product Accounting and Reporting Standard – ICT Sector Supplement.

- **Responsible Recycling (R2)**

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

Environmental Information on Lenovo Expansion Project

Through standard practices, the Lenovo expansion project incorporates several environmental products and practices into the construction and fit-out of the building. The building features environmentally friendly products that reduce energy consumption, reduce waste generated and achieve certification from various environmental agencies

Many of the products contain recycled content in both pre-consumer and post-consumer forms (see definitions of pre and post-consumer forms below). By using products made from recycled materials, there is less demand for harvested raw materials as well as less waste generated. Some product materials are regional, meaning they are harvested and manufactured within 500 miles of the project site. This allows regional economies to profit and compete. The use of regional products results in a decrease in transportation, and therefore a proportional decrease in pollution from transporting vehicles, as well as lower shipping costs.

The following list documents products, the manufacturers and the environmental contributions made. All information is from letters from the company, phone calls, literature distributed by the company and from organization's websites. The beneficial impacts from these contributions are very important to achieving a sustainable building environment for our expansion.

- Steelfab structural steel is composed of 80.0 percent post-consumer and 10.0 percent pre-consumer recycled content.
- Steelfab structural steel is harvested and manufactured within 500 miles of the project site.
- Cook & Boardman hollow metal doors and door frames contain 24.6 percent post-consumer and 6.6 percent pre-consumer recycled content.
- Carlisle Syntec roofing insulation and bonding adhesive are each made from 19.0 percent post-consumer and 15.0 percen pre-consumer recycled content.
- Use of high-albedo/highly reflective white roof material finish contributes to the reduction of heat-island fects and helps maximize energy savings.
- Use of T5 lamps in the expansion help decrease the energy load for general purpose lighting.
- Motion detectors have been installed on all overhead lighting in the expansion to reduce energy consumption.

Definitions:

Pre-Consumer – Material diverted from waste stream during the manufacturing process. Excluded is reutilization of materials such as rework, regrind or scrap generated in a process and capable of being reclaimed within the same process that generated it. Examples include planar shavings, sawdust, print overruns, over-issue publications, obsolete inventories, walnut shells,sunflower seed hulls

Post-Consumer – Waste material generated by households or by commercial, industrial and institutional facilities in their role as end-users of the product, which can no longer be used for its intended purpose. This includes returns of materials from the distribution chain. Examples include construction and demolition debris, materials collected through curbside and drop-off recycling programs, broken pallets (not from a pallet making company), discarded products (furniture, cabinetry, decking) and urban maintenance waste (leaves, grass clippings, tree trimmings).

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

Lenovo ranks as one of the companies that has the largest number of products certified by CEC .

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

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

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

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

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

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

- **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. Lenovo is a member of the iNEMI Environmental Leadership Sub-Committee.

- **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.

6.2.1 Energy and Climate Change

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

Reducing energy consumption and the associated carbon emissions is the primary focus of our climate change programs and strategy. Management of energy and carbon emissions reduction activities and programs is carried out within the scope of Lenovo's global environmental management system (EMS). Lenovo aims to achieve its energy and carbon reduction goals through improvements in operational and logistical energy efficienc , 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 potential projects favors energy efficiency first, use of renewable energy second, and finall , the purchase of renewable energy credits or carbon offsets.

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

6.2.2 Operational Energy Efficiency

Given the fact that Lenovo's most significant environmental aspect is energy consumption, Lenovo's goal is to continuously improve the energy efficiency of operations. Lenovo's initiative for energy reductions includes activities such as installation of low energy lighting and related electrical equipment, energy efficiency improvements to HVAC systems, eliminating or improving usage of transformers and air compressors, manufacturing area optimization, reducing PC on-line testing time, improving

computer server room energy efficienc , digital control of lighting and HVAC, reduction in the number of company operated vehicles, consolidation of operations and employee education. For more information on our performance relative to energy and GHG emissions reduction, please see the section below on the environmental impact of our operations.

6.2.3 Renewable Energy

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

In FY 2011/12 Lenovo committed to installing solar panel arrays at the manufacturing site in Shanghai in conjunction with the government's "Golden Sun" program.

We are further exploring other opportunities to improve our renewable energy initiatives through implementing other solar projects, the use of alternative fuels and purchasing green power.

6.2.4 Renewable Energy Credits and Carbon Offsets

To support Lenovo's emissions reduction commitments where actual energy reductions are not technically or economically feasible, Lenovo has partnered with NextEra Energy Resources to carbon balance a portion of our electricity and steam usage by purchasing Green-e Certified Renewable Energy Certificates (RECs) through the company's innovative EarthEra program. Lenovo initially committed to purchasing over 10 million kilowatt-hours of electricity per year for three years. This will help avoid over 19,000 metric tons of carbon dioxide. In addition, 100 percent of the proceeds from Lenovo's purchase of RECs will be directed to the EarthEra Renewable Energy Trust and used by NextEra Energy Resources to build new renewable energy facilities in the United States.

Click on the year to view the certificates for RECs retired by Lenovo to date (2011, 2012), or visit: http://www.lenovo.com/climate

Lenovo has also chosen to offset part of the direct emissions associated with the operation of company-owned vehicles and

Golden Sun Project

Lenovo is proud to announce that our manufacturing site in Shanghai has installed solar arrays on office and workshop buildings. This project used the contract energy management method to operate, and is expected to generate 520 MWh annually and reduce greenhouse gas emissions by approximately 400 MT CO_2e.

fuels we burn on site. As a result, Lenovo purchased 3,000 wind carbon offsets from NextEra Energy Resources' Capricorn Ridge Wind Energy Center project in Texas, USA. This will help avoid 3,000 metric tons of carbon dioxide. Lenovo has committed to purchase the same amount for FY 2010/11 and FY 2011/12.

Click on the year to view the certificates for carbon offsets retired by Lenovo to date (2011, 2012), or visit: http://www.lenovo.com/climate

Lenovo has partnered with Climate Action and committed to purchasing more than 5,450 carbon offsets from a renewable energy — biomass waste to energy — project to balance the carbon emissions associated with power purchased for the new manufacturing facility in Chengdu, China in FY 2012/13.

Click here for the project details and information on its economic,social and environmental benefits: biomass waste to energy.

6.2.5 Global Real Estate Operations

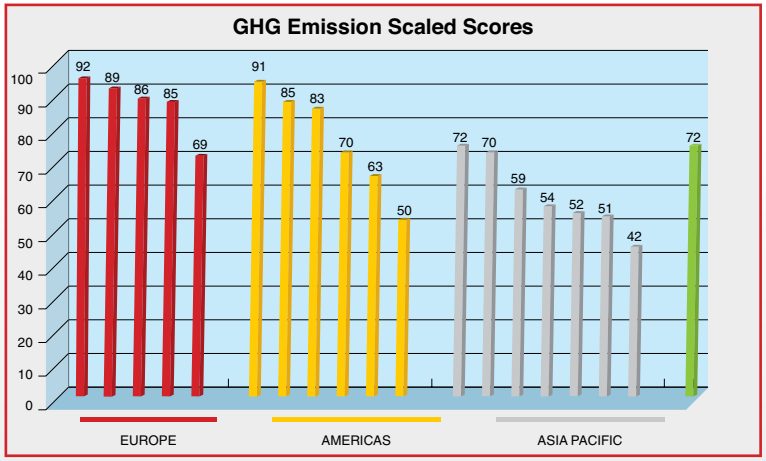
Lenovo's Global Real Estate (GRE) function is responsible for ensuring that the company has the appropriate facilities to support operations worldwide. GRE manages all real estate activities outside of China.

To maintain the appropriate level of real estate agility in our rapidly changing business environment, nearly 100 percent of our portfolio is leased, typically on 3 – 5 year leases. In September 2012, the real estate portfolio stood at a total of 2,264,000 square feet in 152 locations. Despite 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 LEED green building rating system were developed for staff, consultants, and contractors. After working with the EECA Checklist, Lenovo has since developed more 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.

In addition to expanding the number of sites we operate to accommodate Lenovo's organic growth, the GRE team regularly consolidates the portfolio when integrating acquisitions such as Medion. In the case of Medion, Lenovo inherited a large owned site in Essen, Germany that had been a former military base and had undergone extensive environmental remediation.

In early 2012, GRE benchmarked energy, waste and GHG emissions best practices at all sites larger than 10,000 square feet, and developed a two-part Sustainability Risk Index based on environmental and economic risk, for all sites and the portfolio as a whole. The total floor area for these 21 sites in March 2012 was 1,426,386 square feet, representing 78 percent of the total leased area of 1,880,999 square feet. We are developing a sustainability roadmap for GRE based on the benchmarking findings, which included detailed metrics for key performance indicators as well as documentation of adoption levels of best management practices for sustainable real estate.

Figure 6.2 GHG Emission Scaled Scores



Each major site was ranked on a scale of 1 – 100, based on implementation of best practices. (See, for example, Figure 6.2, GHG Emission Scaled Scores, which ranked performance regarding scope 1 and 2 GHG emissions.) Greenhouse gas emissions scores took into account each site's energy efficienc , plus the emissions factor of the regional electricity mix in kg CO_2e/kWh. Highest scores were received by sites that are energy-efficient and located in countries with a high percentage of electricity generated from renewable sources.

The roadmap includes initiatives in the following four areas: Management, Site Selection, Site Improvement, and Operations and Maintenance. We are already implementing key initiatives, such as department-wide LEED GA training and site-specific operational improvement plans.

6.2.6 FY 2011/12 Environmental Performance

6.2.6.1 Energy Reductions in Operations

Improving energy efficiency is a fundamental element of Lenovo's strategy to meet its GHG reduction targets. Following the more than 40 energy efficiency projects implemented at sites around the world during FY 2009/10 and FY 2010/11, 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 2011/12 Lenovo implemented seven new energy efficiency projects

- Ventilation system upgrades in IT server rooms,
- AC upgrades in workshops,
- Exchange using low/high voltage transformers,
- Temperature control (adjust AC),
- New AC system installation,
- Shutting down test-completed desktop CPU's in testing area, and
- Reducing PC on-line testing time.

These projects will generate approximately $100,000 in savings per year and reduce energy consumption by 950 MWh annually. It is estimated that the total annual CO_2e savings will be over 700 MT CO_2e.

Automatic Shutdown after Testing

The manufacturing facility in Pondicherry, India has implemented a project that automatically shuts down desktop tested machines after test pass to conserve energy. This activity does not have any impact on productivity or quality, but helps reduce operational cost by approximately 4,500 INR per month. Due to this process change, it is estimated that more than 44,054 kWh of electricity will be saved annually.

Ventilation System Upgrade Project in Server Room

During FY 2011/12, Lenovo's manufacturing site in Shenzhen implemented a ventilation system upgrade for its two server rooms. Using natural ventilation for cooling instead of air conditioning will help save approximately 3,900 kWh per month. Lenovo plans to implement this environmentally friendly improvement in additional server rooms in other locations.

6.2.6.2 GHG Emissions Performance

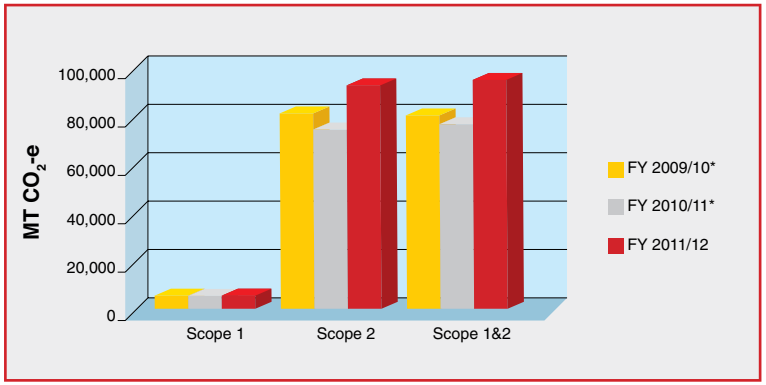
Lenovo began reporting its GHG emissions performance in our 2006 CY Corporate Environmental Report. We continue to track, report and strive to improve our performance yearly. In order to align environmental and financial reporting, beginning April 1, 2009, Lenovo transitioned from tracking and reporting energy and climate change data in conjunction with the calendar year to Lenovo's fiscal year (FY – April 1 through March 31). Following this change at the recommendation of our external verifie , Lenovo changed its base year for GHG emissions to FY 2009/10.

Lenovo's Scope 1 and 2 CO_2e Emissions Inventory from our last three fiscal years is detailed in Figure 6.3. Lenovo's Scope 3 CO_2e Emissions Inventory from our last three fiscal years is detailed in Figure 6.4. The table in section 2.2 of this report includes Scope 1, 2, and 3 emissions for Lenovo's global operations.

Lenovo's Scope 1, 2 and 3 absolute emissions increased during FY 2011/12. The Scope 1 and 2 emissions increases were due to organic growth and the acquisition of Lenovo Mobile Communication Technology Incorporated. However, Lenovo's emissions intensity improved when measured against total revenue, employee population, and unit of production.

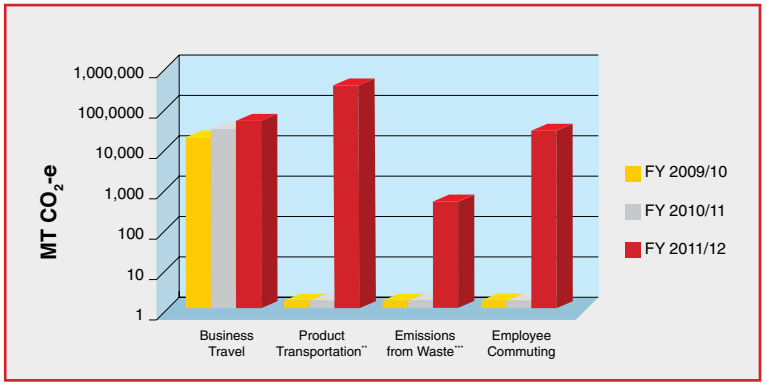
Increases in Scope 3 emissions were driven by the expansion of the number of Scope 3 categories Lenovo reports and an increase in employee business travel. In addition to business travel, Lenovo now also reports emissions associated with product transportation, site waste and employee commuting.

Figure 6.3 Lenovo's GHG Emissions - Scope 1&2



*At the end of FY 2011/12 Lenovo adjusted its historical CO_2e emissions data to account for previously unreported data from fuel usage at two locations and acquisition and integration of the Lenovo Mobile Phone company into the newly created MIDH division.

Figure 6.4 Lenovo's GHG Emissions - Scope 3



**Product transportation emissions include key downstream suppliers representing 60% 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.

Scope 1 GHG emissions are calculated based on the purchased quantity of commercial fuel and using published emission factors from DEFRA, EPA and 2006 IPCC Guidelines for National Greenhouse Gas Inventories. The worksheets World Resources Institute (2008), GHG Protocol Tool for Mobile Combustion, Version 2.2 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 (2011), GHG Protocol Tool for Stationary Combustion, Version 4.3 was used in calculating emissions associated with purchased electricity. The Similar Building/Facility Estimation Method was used for facilities that are partially occupied by Lenovo operations.

Scope 3 GHG emissions are estimated based on the guidance of the Greenhouse Gas Protocol's Value Chain (Scope 3) Accounting and Reporting Standard and the Greenhouse Gas Protocol's Guidance for Calculating Scope 3 Emissions (draft).

Figure 6.5 Lenovo's GHG Emissions Inventory Specifics

Base Year	FY 2009/10	April 1, 2009 - March 31, 2010
Boundary	Organizational	Operational control approach
	Operational	Scope 1, 2 and 3 in worldwide manufacturing, research & development sites and office locations.
Scope	Scope 1 (direct GHG emissions)	On-site fuel combusted, operation of controlled vehicles, and fugitive emissions.
	Scope 2 (indirect GHG emissions)	Purchased electricity and steam.
	Scope 3 (other indirect GHG emissions)	Business travel, product transportation, employee commuting and emissions from waste.
Greenhouse Gases	All GHG covered by the Kyoto Protocol	CO_2, SF_6, CH_4, N_2O, HFCs, and PFCs

Click here to see more of Lenovo's global environmental data.

Energy and GHG emissions data for all three years (beginning with the baseline year FY 2009/10) was third-party verifie . Click here to view the FY 2011/12 GHG Verification Statement, or visit: http://www.lenovo.com/climate.

Lenovo began disclosing greenhouse 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

Additional GHG Emissions Performance

End-of-Life

We estimated[3] that Lenovo avoided more than 32,000 MT CO_2e thanks to recycling end-of-life electronic products in FY 2011/12.

Suppliers

Lenovo continues to participate in the development and implementation of the EICC's carbon/water reporting tool for the top Tier 1 suppliers. Based on our suppliers' Scope 1 and 2 GHG emissions reported for 2010, it was estimated that Lenovo's 19 key suppliers represented almost 80 percent of direct spend accounted for over 900,000 MT CO_2e allocated emissions.

Transportation

During FY 2011/12, Lenovo began collecting product transportation emissions data and established an initial baseline for four key downstream suppliers representing 60 percent of global logistics spend. We have plans for future work in this area as follows: (1) expand emissions data collection to additional key suppliers; (2) update Lenovo's product transportation baseline accordingly; and (3) engage with carriers to collaboratively work on reduction targets.

[3] US Environmental Protection Agency Waste Reduction Model (WARM, February 2012)'s emission factor of 2.35 MT CO2e per short ton was used for the estimate - http://www.epa.gov/climatechange/waste/calculators/Warm_home.html.

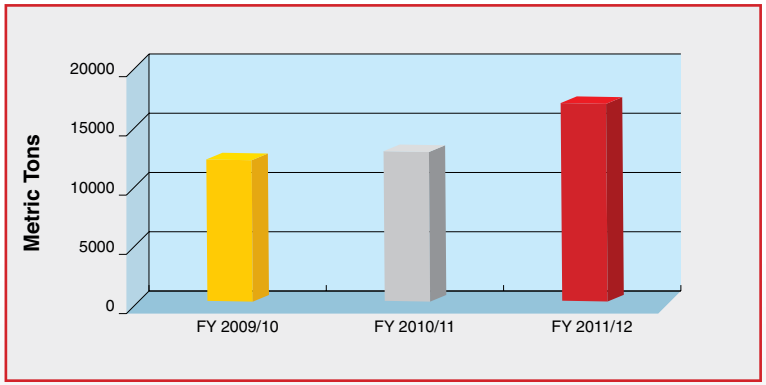
6.2.6.3 Operational Waste Management

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 worldwide achieved a reuse/recycling rate of 91.1 percent during FY 2011/12. Detailed below is the disposition of solid waste from Lenovo manufacturing and R&D facilities worldwide.

Figure 6.6 Non-Hazardous Waste

(Processes and operational waste, product waste separately)

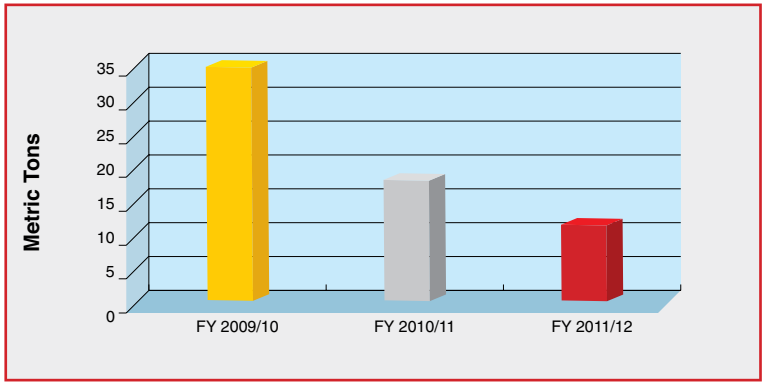


Managing Hazardous Waste

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 audit process. During FY 2011/12, Lenovo neither imported nor exported any hazardous waste. During this reporting year, there were no significant spills

Figure 6.7 Hazardous Waste

(Processes and operational waste, product waste separately)



The FY 2011/12 waste data was third-party verified. Click here to see the FY 2011/12 Waste Verification Statement, or visit: http://www.lenovo.com/social_responsibility/us/en/waste_water.html

6.2.6.4 Other Environmental Aspects

Water Resources

Lenovo's manufacturing and product development operations do not have any wet processes. Because Lenovo withdraws water only from municipal sources and only for human support, we have minimal impact on local water resources. As such, there are minimal opportunities to reuse water. We do however identify and implement opportunities to reduce the amount of water we consume. In Morrisville, NC, USA, our cafeteria uses a high-efficiency industrial dishwasher that cleans and reuses water in the wash process. Also in Morrisville, we have implemented the use of xeriscaping, which utilizes indigenous plants for landscaping, minimizing the need for irrigation. During FY 2010/11, our Beijing R&D facility installed wastewater treatment equipment that allows the reuse of wastewater to operate restroom fixtures. We also installed water-efficient fixtures in restrooms in numerous facilities around the world. Detailed in the chart on the following page is water use at Lenovo's manufacturing and R&D facilities over the past three years.

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

Figure 6.8 Water Use

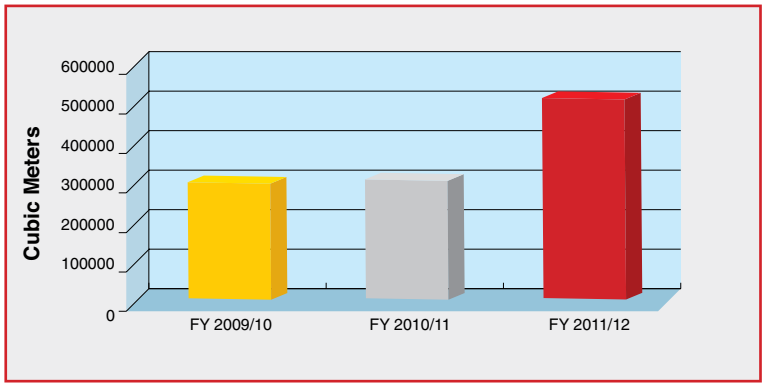
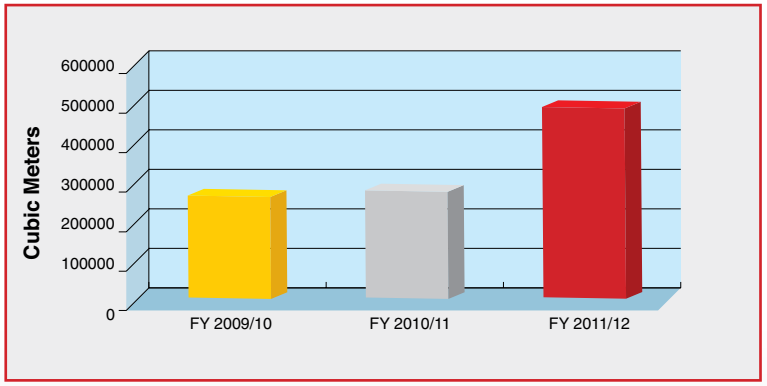


Figure 6.9 Waste Water Discharge Values



The FY 2011/12 water data was third-party verified. Click here to see the FY 2011/12 Water Verification Statement, or visit: http://www.lenovo.com/social_responsibility/us/en/waste_water.html

Lenovo initiated work on the tracking of water impacts in our supply chain through the EICC water mapping initiative based on 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 equipment. Ozone depleting substances used in HVAC equipment are managed in accordance with local regulations and intentional releases are prohibited. Lenovo requires the reporting of unintentional releases of chemical substances as an environmental incident. During FY 2011/12, there were two minor incidents of refrigeration release. One in Morrisville, NC, involved the release of approximately three pounds of R410A. The incident involved the failure of a compressor in an open refrigeration cooler in the kitchen. The second incident occurred in the server room AC unit in Toronto, Canada, and involved the release of 12 pounds of R407C.

Fuel Spill

There was an accidental release at the Lenovo facility in Whitsett, NC, USA. The release did not result in any off-site environmental impacts.

The incident involved fuel leakage from a delivery truck. Approximately 75 gallons of diesel fuel were released at the Lenovo site. The spilled fuel was contained and recovered. Local authorities and emergency response personnel were summoned to the facility and confirmed that no fuel entered the local water supply.

6.3 Lenovo's Environmentally Conscious Products Program

Lenovo's commitment to the environment came even before 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 efficienc . 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.

6.3.1 Product Materials

6.3.1.1 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, Lenovo's 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 selected 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 plastic manufacturers and compounders in engineering 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 upon 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 their products.

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

Transitioning to Post-consumer Recycled Content

Lenovo began using post-consumer recycled plastic content (PCC) in select monitors in early 2007, and today uses PCC across all PC product categories, including all Lenovo ThinkPad Edge notebooks and ThinkVision monitors. Currently, all ThinkPad Edge notebooks contain at least 10 percent post-consumer recycled content. Many Lenovo commercial desktops use significa t amounts of PCC, including the ThinkCentre M92p Tiny (39 percent), the ThinkCentre M92p and M82 Tower (42 percent), and the ThinkCentre M92p and M82 Small Form Factors (36 percent).

Lenovo expanded the use of PCC to workstations and desktops in late 2007. In October 2009, Lenovo introduced the ThinkPad SL410 and SL510 notebook models, both of which contain greater than 10 percent net PCC. Lenovo continues to expand its emphasis on green design with the ThinkPad L Series. The LCD cover, palm rests, and top and bottom cases of these notebooks

use up to 30 percent PCC from sources such as used office water jugs and IT equipment. The ThinkPad L512 contains 18 percent net PCC, making it the industry's highest amount of PCC in a notebook[4]. Each ThinkPad L Series notebook diverts the equivalent of 10 plastic water bottles from going to landfill

Newly released products that meet EPEAT™ PCC usage thresholds (10 percent or greater) include the ThinkPad Edge E420 and E520 (10 percent), ThinkCenter M71e Desktops (+30 percent) and the ThinkStation E30 Workstations (14 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.

To overcome the continuing challenges of using recycled content in the design and manufacture of computer products, especially notebooks, 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 65 percent PCC. Some plastic resins also contain up to 20 percent post-industrial recycled content (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 85 million pounds (gross) of plastic materials containing PCC and/or PIC in its products, with net PCC of over 31.6 million pounds and net PIC of over 1.8 million pounds. In 2011, Lenovo used nearly 24 million pounds (gross) of recycled plastics with net PCC of over 4.9 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 2012) and increase each business units' use of PCC by 20 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 2012/2013

- 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.

Figure 6.10 Annualized use of Recycled Plastics

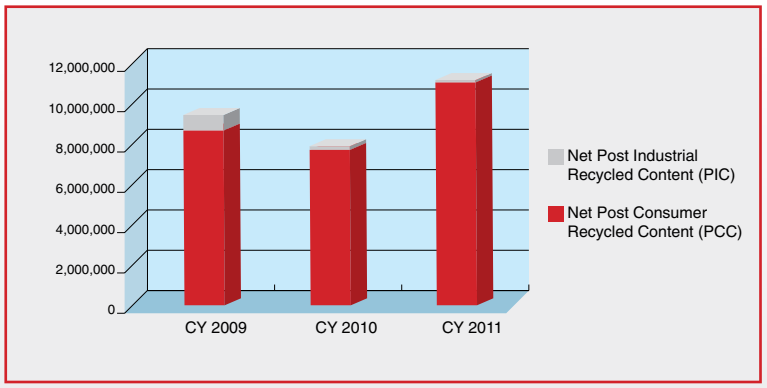
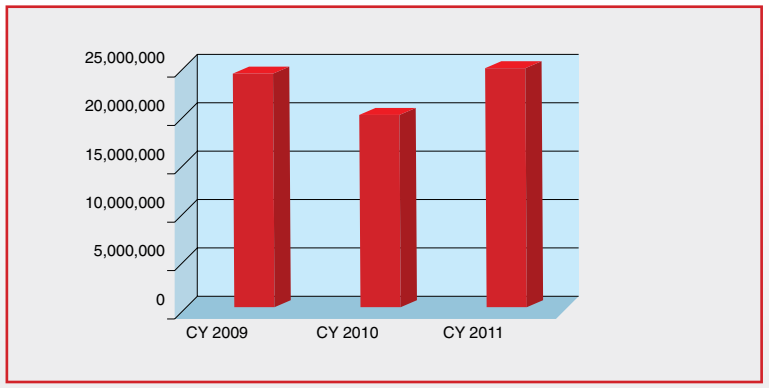


Figure 6.11 Annualized use of Plastics Containing Recycled Content



6.3.1.2 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.

For example:

- 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 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/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

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

http://www.lenovo.com/social_responsibility/us/en/sustainability/RoHS_Communication.pdf

http://www.lenovo.com/social_responsibility/us/en/sustainability/Lenovo_REACH_SVHC_Disclosure.pdf

Lenovo supports the goal to phase out[5] Brominated Flame Retardants (BFRs) and PVC, and is committed to driving its supply chain toward this goal. PVC and BFR-free[3] monitors include:

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

- ThinkVision L2251x Wide, available globally (released in 2009)
- ThinkPad T420 (released in 2011)
- ThinkVision LT2452p Wide 24-inch LCD and LED Monitors (released in 2011)

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

Lenovo 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. We are currently piloting BFR-free printed circuit cards in select notebooks.

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

Lenovo has identified a list of materials and substances of environmental interest. These substances may be candidates for further restrictions in the future. Lenovo holds suppliers accountable for reporting the use of these materials through Supplier Material Declarations using the industry standard IPC 1752 form for confirmation of compliance to the restrictions and for reporting when substances in question are above the specified concentration levels. In some cases Lenovo has used the flexibility of the IPC 1752 form to include additional substances and tighter limits than called for in the industry standard Joint Industry Guide (JIG). We have made it a point to inform customers about the environmental attributes of our products and compliance with applicable laws and regulations through the presentation of a completed industry standard IT Eco Declaration (Annex B of ECMA-370 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, non-governmental organizations (NGOs) and other stakeholders in evaluating the potential health and environmental impacts of our products. We weigh these inputs to determine the restricted substances, as well as the substances of interest to be tracked for the purpose of reporting and for the consideration of future restrictions.

6.3.2 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. A new IDC (International Data Corporation) report, dubbed the G20 ICT Sustainability Index, has identified roughly 5.8 billion tons of CO_2 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® qualifi d models are listed at Home: ENERGY STAR® - http://www.energystar.gov For more information about Lenovo's energy-efficient products, go to: http://www.lenovo.com/energy

Lenovo's history of energy saving and emissions reduction:

- 2004 – Lenovo China received the "Green Product" award for its desktop PC from the China Environmental Protection Foundation.
- 2005 – All Lenovo's commercial products met China's energy savings targets.
- 2007 – Lenovo is actively participating in ENERGY STAR® 4.0 released in July 2007 by the United States. All Lenovo's global notebook, desktop and monitor models introduced since the effective date of ENERGY STAR® 4.0 meet the new standard, either in the basic models or as an option.
- 2007 – Lenovo leads the effort in writing the General Technical Specification for China s PC industry.
- 2007 – Lenovo, in cooperation with The World Wildlife Fund (WWF) and other NGOs, participated in the launch of the Climate Savers Computing Initiative (CSCI).
- 2008 – Lenovo introduced the first China Energy Efficienc Tier One monitor.
- 2008 – In April 2008 Lenovo ThinkVision monitors became the first full line of monitors to score a Gold rating in the EPEAT™ registry.
- 2009 – In January, Lenovo ThinkVision monitors became the first full line-up of monitors to achieve ENERG STAR® 5.0 – nine months ahead of the launch of the new standard.
- 2010 – In June 2010, TCO awarded the M90z the prestigious TCO Certified Edge designation
- 2011 – In August 2011, TCO awarded the ThinkCentre M71z AIO the prestigious TCO Certified Edge designation
- 2011 – In August 2011, TCO awarded the ThinkVision LT2452p Display the prestigious TCO Certified Edge designation.
- 2012 – In March 2012, TCO awarded the ThinkVision LT2323p and LT2323z Displays the prestigious TCO Certified Edge designation.

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

6.3.3 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 1,000 tons of packaging consumption by weight through design optimization and refinement across all Lenovo product shipments

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.

Lenovo continues to drive increases in the use of recycled content materials in product packaging. For example, all Think products 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 (without compromising required performance characteristics). For overall corrugated box packaging, the recycled content averages more than 70 percent. Lenovo has also transitioned 95 percent of ThinkPad and 20 percent of ThinkCentre 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 size reductions in our packaging to minimize the amount of materials used while maintaining adequate protection for our products. Smaller packages also contribute to increased pallet density; in many cases Lenovo has been able to increase pallet density by over 33 percent.

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). For FY 2012/13, 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 are as follows:

- Increase the use of environmentally friendly 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.
- Implement at least two innovative customer reuse applications for Lenovo product packaging.

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,

etc. All corrugated container (box) packaging should use a minimum of 50 percent post-consumer recycled fibe , and all paperboard packaging should contain a minimum of 45 percent post-consumer recycled fiber and 100 percent recovered fibe . 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.

6.4 Product End-of-Life Management

Lenovo's Product End-of-Life Management (PELM) includes the reuse, refurbishing, de-manufacturing, dismantling, reclamation, shredding, recycling, treatment and disposal of products, parts, and options 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, cables and cords, etc. Lenovo branded and non-branded products owned or accepted by Lenovo (including customer returns or take back) are included in this definition

6.4.1 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 lifecycle by offering consumers and/or commercial clients a range of recycling options for disposing of products, batteries and product packaging worldwide through voluntary programs and/or country, province or state mandated programs.

If you are interested in learning more about these programs, please visit: http://www.lenovo.com/recycling

6.4.2 Achievements

Significant Lenovo 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 free take-back and recycling program in India for the same products.
- 2009 – Lenovo launched an Asset Recovery Services offering for the secure and environmentally sound return and processing of Lenovo business customer replaced products with coverage in over forty countries. This offering is maturing with increased annual customer returns with over 80 percent of returns being used as products as originally intended.

- 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 reached the 100 million pound milestone for customer returned equipment through Lenovo's voluntary and legal product take back and WEEE programs since May 2005.

6.4.3 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.

For example, in the US and Canada, Lenovo participates in the "Call2Recycle" program. Rechargeable batteries from Lenovo products such as lithium ion batteries in laptops can be recycled free of charge at any of Call2Recycle's more than 30,000 drop off locations in the US and Canada. For more information about the Call2Recycle program and to locate a battery recycling location near you, visit: http://www.call2recycle.org/

Lenovo is also a member of a number of other battery and packaging collection and recycling consortia worldwide, especially in European countries. For more information about worldwide programs, please visit: http://www.lenovo.com/recycling

Customers can obtain information about Lenovo's product take-back services in their 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

6.4.4 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.
- Establishment of Lenovo contract with each approved supplier with specific environmental terms and conditions related to expected environmental performance and reporting.

Suppliers include surplus buyers, asset recovery services, legal and voluntary product take-back providers, field services, dismantlers, recyclers and disposal vendors. All recovered

products and parts are required to be data wiped, refurbished, tested for function, labeled as refurbished and resold where they will be used as originally intended without further refurbishing before use. Suppliers are required to use Lenovo-approved recyclers for the disposition of non-working products and parts and waste generated from their refurbishing processes. Lenovo prohibits the shipment of hazardous waste to non-OECD countries. Additionally, Lenovo incorporates specific environmental terms and conditions into contracts and agreements with all of these suppliers. 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.

6.4.5 Recovery and Recycling Trends

During the 2011 calendar year, Lenovo financed or managed the processing of more than 13,600 metric tons, equivalent to more than 30 million pounds, of Lenovo-owned and customer-returned computer equipment. Of this total, 6.58 percent was reused as products or parts, 84.80 percent was recycled as materials, 5.98 percent was incinerated with waste to energy recovery, 0.64 percent was incinerated as disposal treatment and only two 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 landfil and maximize reuse and recycling.

Since Lenovo's establishment as a global company in May 2005, we have processed more than 96,700 metric tons, or 213 million pounds, of computer equipment through our contracted service providers. Trends for the most recent three calendar years look like this:

Figure 6.12 Recovery and Recycling Trends (PELM)

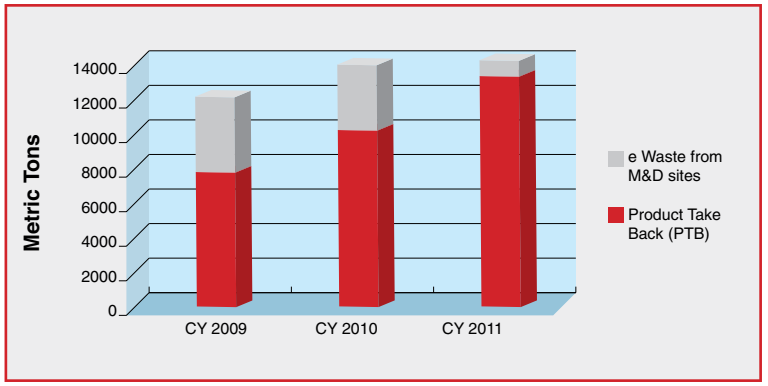
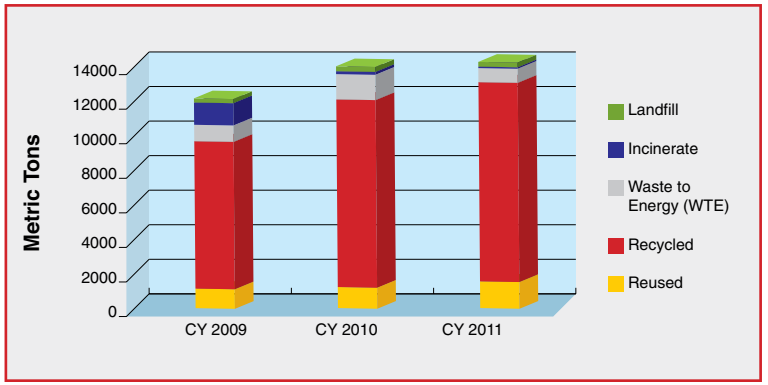


Figure 6.13 Product End-of-Life Management Disposition



Our customers have shown considerable interest in our recycling programs. In 2011, customer returns constituted more than 12,700 metric tons, or more than 28 million pounds, of the total processed equipment, which is a 32.6 percent increase from the 2010 performance. Our 2011 performance includes fourth-year data from Lenovo's Asset Recovery Services offered to large enterprises, along with data from Lenovo's other voluntary and legal product take-back programs for consumers and businesses. The recycled customer returns in 2011 represents 5.26 percent of the total weight of new products put on the market in 2007. Figure 6.15 illustrates customer returns by geography.

Figure 6.14 Product Take Back (PTB) Disposition

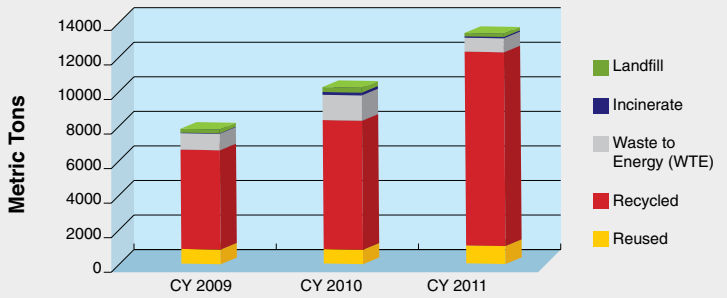
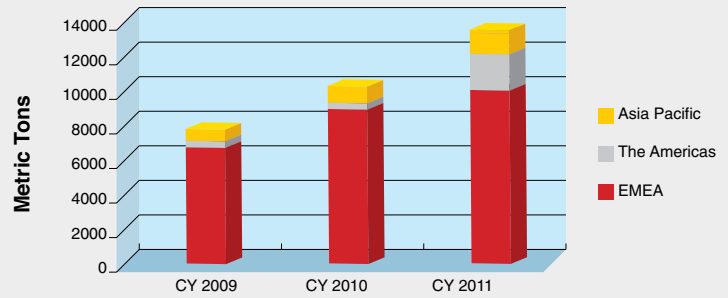


Figure 6.15 Product Take Back (PTB) by Geography



12 Best Practices for Green IT

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

- Buy ENERGY STAR® and EPEAT™ qualified hardwar
- Look for products with UL Environment's Sustainable Products Certificatio
- Choose GREENGUARD® certified systems (tests up to 2,000 chemicals)
- Deploy power management software
- Select multi-core processors
- Specify more efficient power supplie
- Use more energy-efficient display
- Request bulk packaging for large-quantity purchasing
- Buy desktops that are both space and energy-saving
- Select desktops with a noise profile that is less than 25dB in idle mode
- Recycle used PCs and peripherals
- Order systems with recycled content in the system and the packaging

Green Programs

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

- UL Environment's Sustainable Products Certification: In early 20 1, Lenovo became the first computer manufacturer to obtain U Environment's Sustainable Products Certificatio to the "Gold" level for the IEEE 1680.1 standard. As part of this certification, product undergo rigorous in-house testing at Underwriters Laboratories to the IEEE 1680.1 standard, including criteria such as energy efficienc , design for recycling and materials usage. Since obtaining this industry first, Lenovo has gone on o certify with ULE numerous models of notebooks, desktops, and monitors.
- Electronic Product Environmental Assessment Tool (EPEAT)™: Created by the US Environmental Protection Agency and the nonprofit Greener Electronics Council EPEAT™ rates computers and monitors based on 51 criteria over eight categories that cover toxics reduction, recycled content, energy efficienc , ease of recycling, product longevity, company environmental performance, product takeback and recycling programs and packaging. Computers and monitors are awarded a rating of Bronze, Silver or Gold based on their performance. Gold-rated computers meet all required criteria, plus at least 75 percent of the optional criteria that apply to the product type being registered.
- ENERGY STAR®: ENERGY STAR® is a joint program between the US Environmental Protection Agency and the US Department of Energy conceived to promote energy efficiency and reduced greenhouse gas emissions in hardware of ll kinds. Products meeting certain standards earn an ENERGY STAR® Label. Such labeling identifies an promotes energy-efficient products and helps customers make sma ter buying decisions based on lowering electricity costs.
- TCO Certified ensures that all products come with an ergonomic esign, deliver high-performance, are low on energy consumption and meet the toughest environmental requirements including use of recycled content and limits on hazardous materials.
- GreenGuard® Certificates are awarded by the GREENGUARD® Environ ental Institute (GEI) for contribution toward improving public health and quality of life through improvement of indoor air. Performance-based standards are incorporated in the selection criteria for products with low chemical and particle emissions.
- Restriction of Hazardous Substances (RoHS) Directive: The Directive on the restriction of the use of certain hazardous substances in electrical and electronic equipment, commonly referred to as the Restriction of Hazardous Substances Directive (or RoHS), was adopted by the European Union in February 2003. This directive restricts the use of six hazardous materials in the manufacture of various types of electronic and electrical equipment.

7.0 Appendix

7.1 Lenovo Corporate Reference Documentation

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

Lenovo Corporate Policies

The following Lenovo policies and practices are available on the Internet (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 Waste and Water verification statement for FY 2011/12

ENERGY STAR® Qualified Products

Lenovo Sustainability Web Pages

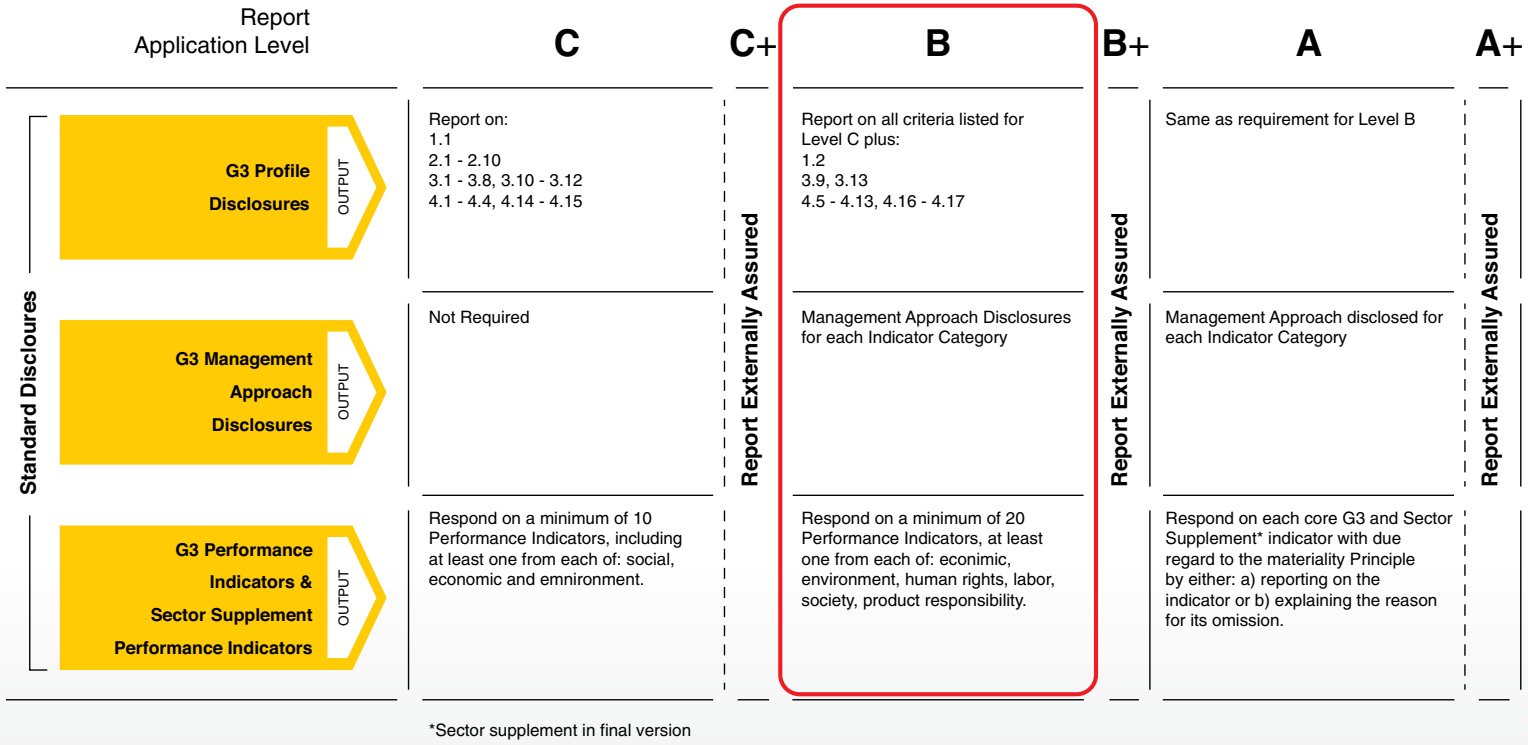
Social Responsibility http://www.lenovo.com/csr

- Environment http://www.lenovo.com/environment
  - Think Green – Climate http://www.lenovo.com/climate
  - Think Green – Waste and Water http://www.lenovo.com social_responsibility/us/en/waste_water.html
  - Think Green Products – Energy http://www.lenovo.com/energy
  - Think Green Products – Materials http://www.lenovo.com/materials
    - Lenovo Product's ECO Declarations http://www.lenovo.com/ecodeclaration
  - Think Green Products – Packaging http://www.lenovo.com/packaging
  - Think Green Products – Recycling http://www.lenovo.com/recycling
- Social Investments http://www.lenovo.com/social_responsibility/us/en/social_investments.html
- Global Supply Chain http://www.lenovo.com/social_responsibility/us/en/global_supply_chain.html
- Sustainability Reports http://www.lenovo.com/sustainability
- Resources Page http://www.lenovo.com/social_responsibility/us/en/social_responsibility_resources.html

7.2 The Global Reporting Initiative

The Global Reporting Initiative's G3.1 Sustainability Reporting Guidelines provide a comprehensive set of indicators covering the economic, environmental and ethical impacts of a company's performance. These reporting principles have informed our reporting for many years. We have self-assessed our FY 2011/12 Sustainability Report as GRI Application Level B. 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



*Sector supplement in final version

Lenovo Global Reporting Initiative Table			
STANDARD DISCLOSURES PART I: Profile Disclosures **1. Strategy and Analysis**			
Profile Disclosure	**Description**	**Lenovo Report Section**	**Coverage**
1.1	Statement from the most senior decision-maker of the organization.	1.0 Letter from Yang Yuanqing - CEO/Chairman	Full
1.2	Description of key impacts, risks, and opportunities.	1.0 Letter from Yang Yuanqing 1.0 Letter from Peter Hortensius 2.1 HIGHLIGHTS Sustainability Progress 2.4 HIGHLIGHTS FY 2011/12 Performance throughout this and previous Sustainability Report	Full
2. Organizational Profile			
Profile Disclosure	**Description**	**Lenovo Report Section**	**Coverage**
2.1	Name of the organization.	3.2 PERFORMANCE Lenovo at a Glance	Full
2.2	Primary brands, products, and/or services.	0.0 Report Parameters 3.2 PERFORMANCE Lenovo at a Glance 3.4 PERFORMANCE Products	Full
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	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 6.2 PLANET Operations	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.	3.2 PERFORMANCE Lenovo at a Glance 3.3 PERFORMANCE Corporate Governance FY 11/12 Annual Report - http://www.lenovo.com/ww/lenovo/pdf/report/E_099220120531d.pdf	Full
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	2.2 HIGHLIGHTS Consolidated Metrics 3.1 PERFORMANCE About Lenovo 3.2 PERFORMANCE Lenovo at a Glance	Full
2.8	Scale of the reporting organization.	2.2 HIGHLIGHTS Consolidated Metrics 3.1 PERFORMANCE About Lenovo 3.2 PERFORMANCE Lenovo at a Glance	Full
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	2.2 HIGHLIGHTS Consolidated Metrics 3.2 PERFORMANCE Lenovo at a Glance FY 2011/12 Annual Report - http://www.lenovo.com/ww/lenovo/pdf/report/E_099220120531d.pdf	
2.10	Awards received in the reporting period.	4.1.3 PEOPLE: Occupational Health and Safety 4.1.6 PEOPLE: Global Benefits 4.2.4 PEOPLE: Outreach, Collaborations and Partnerships 6.1.1 PLANET: Our History of Leadership 6.3.2 PLANET: Product Energy Efficiency	Full

3. Report Parameters			
Profile Disclosure	**Description**	**Lenovo Report Section**	**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 1.0 Letter from Peter Hortensius	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 a fect 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	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).	0.0 Report Parameters	Full
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	0.0 Report Parameters	Full
3.12	Table identifying the location of the Standard Disclosures in the report.	0.0 Report Parameters 7.2 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 PLANET: 6.1.2 Lenovo's Environmental Management System PLANET: 6.2.6.2 GHG Emissions Performance	Full

4. Governance, Commitments, and Engagement			
Profile Disclosure	**Description**	**Lenovo Report Section**	**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.	3.3 PERFORMANCE Corporate Governance FY 2011/12 Annual Report – http://www.lenovo.com/ww/lenovo/pdf/report/E_099220120531d.pdf	Full
4.2	Indicate whether the Chair of the highest governance body is also an executive office .	1.0 Letter from Yang Yuanqing – CEO/Chairman 3.3 PERFORMANCE Corporate Governance	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.	FY 2011/12 Annual Report – http://www.lenovo.com/ww/lenovo/pdf/report/E_099220120531d.pdf	Full
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	3.3 PERFORMANCE Corporate Governance	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).	FY 2011/12 Annual Report – http://www.lenovo.com/ww/lenovo/pdf/report/E_099220120531d.pdf starting on page 62.	Full
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	FY 2011/12 Annual Report – http://www.lenovo.com/ww/lenovo/pdf/report/E_099220120531d.pdf	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.	FY 2011/12 Annual Report - http://www.lenovo.com/ww/lenovo/pdf/report/E_099220120531d.pdf	Full
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.	7.2 APPENDIX Reference Documents and throughout the report	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.	1.0 Letter from Yang Yuanqing 2.1 HIGHLIGHTS Sustainability Progress 3.3 PERFORMANCE Corporate Governance 5.4.5 GSC EICC Compliance FY 2011/12 Annual Report – http://www.lenovo.com/ww/lenovo/pdf/report/E_099220120531d.pdf	Full
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	FY 2011/12 Annual Report – http://www.lenovo.com/ww/lenovo/pdf/report/E_099220120531d.pdf 3.3 PERFORMANCE Corporate Governance	Full
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	6.3.1.2 PLANET Other Materials of Interest	Full
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	7.3 APPENDIX UN Global Compact Coverage Table	Full
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 HIGHLIGHTS Sustainability Progress 4.2.4 PEOPLE Outreach, Collaborations and Partnerships 5.4.5 GSC EICC Compliance 6.1.4 PLANET Partnering and Collaboration 6.2 PLANET Operations	Full

4.14	List of stakeholder groups engaged by the organization.	3.5 PERFORMANCE Stakeholder Engagement	Full
4.15	Basis for identification and selection of stakeholders with whom to engage.	3.5 PERFORMANCE Stakeholder Engagement	Full
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	3.5 PERFORMANCE 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.	3.5 PERFORMANCE 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 Market presence Indirect economic impacts	2.1 HIGHLIGHTS Sustainability Progress 3.3 PERFORMANCE Corporate Governance 4.2 PEOPLE Lenovo Investments in People	Partial
Profile Disclosure	**Description**	**Lenovo Report Section**	**Coverage**
Economic performance			
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	2.2 HIGHLIGHTS Consolidated Metrics 4.2 PEOPLE Lenovo Investments in People FY 2011/12 Annual Report – http://www.lenovo.com/ww/lenovo/pdf/report/E_099220120531d.pdf	Partial
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	2.2 HIGHLIGHTS Consolidated Metrics 6.2 PLANET Operations Lenovo's Climate Change Policy – http://www.lenovo.com/social_responsibility/us/en/climate_policy.html	Partial
EC3	Coverage of the organization's defined benefit plan obligations	FY 2011/12 Annual Report – http://www.lenovo.com/ww/lenovo/pdf/report/E_099220120531d.pdf – Pages 97+	Full
Environmental			
DMA EN	**Disclosure on Management Approach EN**		
Aspects	Materials	6.3.1 PLANET Product Materials	Partial
	Energy	6.2 PLANET Operations	
	Water	6.2 PLANET Operations	
	Biodiversity	Lenovo's impact on biodiversity is minimal	
	Emissions, effluents and wast	6.2 PLANET Operations	
	Products and services	6.3 PLANET Lenovo's Environmentally Conscious Products Program	
	Compliance	6.1 PLANET Lenovo's Environmental Commitment	
	Transport	6.2 PLANET Operations	
	Overall	6.0 PLANET	

Performance Indicator	Description	Lenovo Report Section	Coverage
Materials			
EN2	Percentage of materials used that are recycled input materials.	6.3.1 PLANET Product Materials	Full
Energy			
EN3	Direct energy consumption by primary energy source.	2.2 HIGHLIGHTS Consolidated Metrics 6.2 PLANET Operations	Full
EN4	Indirect energy consumption by primary source.	2.2 HIGHLIGHTS Consolidated Metrics 6.2 PLANET Operations	Full
EN5	Energy saved due to conservation and efficiency improvements	2.2 HIGHLIGHTS Consolidated Metrics 6.2 PLANET Operations	Full
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	6.3.2 PLANET Product Energy Efficienc	Partial
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	6.2.6.1 PLANET Energy Reductions in Operations	Full
Water			
EN8	Total water withdrawal by source.	2.2 HIGHLIGHTS Consolidated Metrics 6.2 PLANET Operations	Full
EN10	Percentage and total volume of water recycled and reused.	2.2 HIGHLIGHTS Consolidated Metrics 6.2 PLANET Operations	Full
Emissions, effluents and waste			
EN16	Total direct and indirect greenhouse gas emissions by weight.	2.2 HIGHLIGHTS Consolidated Metrics 6.2 PLANET Operations	Full
EN17	Other relevant indirect greenhouse gas emissions by weight.	2.2 HIGHLIGHTS Consolidated Metrics 6.2 PLANET Operations	Full
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	2.2 HIGHLIGHTS Consolidated Metrics 6.2 PLANET Operations	Full
EN19	Emissions of ozone-depleting substances by weight.	2.2 HIGHLIGHTS Consolidated Metrics 6.2 PLANET Operations	Partial
EN21	Total water discharge by quality and destination.	2.2 HIGHLIGHTS Consolidated Metrics 6.2 PLANET Operations	Full
EN22	Total weight of waste by type and disposal method.	2.2 HIGHLIGHTS Consolidated Metrics 6.2 PLANET Operations	Full
EN23	Total number and volume of significant spills.	6.2 PLANET Operations	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.	6.2 PLANET Operations	Full
Products and services			
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	6.3 PLANET Lenovo's Environmentally Conscious Products Program	Partial

EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	6.4 PLANET Product End-of-Life Management	Full
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.	6.2 PLANET Operations	Partial
Social: Labor Practices and Decent Work			
DMA LA	**Disclosure on Management Approach LA**		
Aspects	Employment	Section 4.0 People, 4.1 Lenovo Employees http://www.lenovocareers.com	Partial
	Labor/management relations	Lenovo is a signatory and member of the UN Global Compact and fully embraces its policies and principles.	
	Occupational health and safety	Section 4.0 People, 4.1.3 Occupational Health and Safety	
	Training and education	Section 4.0 People, 4.1.4 Employee Development	
	Diversity and equal opportunity	4.1.1 PEOPLE Diversity Diversity - http://www.lenovocareers.com/Diversity.aspx Equal Opportunity - http://www.lenovo.com/policy/eeo_aa_policy.html	
	Equal remuneration for women and men	Equal Opportunity - http://www.lenovo.com/policy/eeo_aa_policy.html FY 2011/12 Annual Report - http://www.lenovo.com/ww/lenovo/pdf/report/E_099220120531d.pdf	
Performance Indicator	**Description**	**Lenovo Report Section**	**Coverage**
Employment			
LA1	Total workforce by employment type, employment contract, and region, broken down by gender.	2.2 HIGHLIGHTS Consolidated Metrics	Partial
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_099220120531d.pdf - page 28, 65	Partial
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender.	2.2 HIGHLIGHTS Consolidated Metrics 4.1.3 PEOPLE Occupational Health and Safety	Full
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	2.2 HIGHLIGHTS Consolidated Metrics 4.1.3 PEOPLE Occupational Health and Safety	Full
Training and education			
LA10	Average hours of training per year per employee by gender, and by employee category.	2.2 HIGHLIGHTS Consolidated Metrics	Full
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	Full
LA12	Percentage of employees receiving regular performance and career development reviews, by gender.	4.1.5 PEOPLE Employee Development	Full

Social: Human Rights			
DMA HR	**Disclosure on Management Approach HR**		
Aspects	Investment and procurement practices	4.1 PEOPLE Lenovo Employees Lenovo Corporate Policy – Commitment to Diversity and Nondiscrimination – http://www.lenovo.com/social_responsibility/us/en/Lenovo_Policy_Commitment_to_Diversity_and_Nondiscrimination.pdf 5.0 GLOBAL SUPPLY CHAIN 7.3 APPENDIX UN Global Compact Coverage Table Lenovo is a member of EICC whose Code of Conduct (http://www.eicc.info/documents/EICCCodeofConductEnglish.pdf) outlines standards for Labor, Health and Safety, the Environment, and standards relating to business ethics.	Partial
	Non-discrimination		
	Freedom of association and collective bargaining		
	Child labor		
	Prevention of forced and compulsory labor		
	Security practices		
	Indigenous rights		
	Assessment		
	Remediation		
Performance Indicator	**Description**	**Lenovo Report Section**	**Coverage**
Forced and compulsory labor			
HR7	Operations and significant suppliers identified as having signi ant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.	5.2 GLOBAL SUPPLY CHAIN GSC Manufacturing Lenovo is a member of EICC whose Code of Conduct (http://www.eicc.info/documents/EICCCodeofConductEnglish.pdf) outlines standards for Labor, Health and Safety, the Environment, and standards relating to business ethics.	Partial
DMA SO	**Disclosure on Management Approach SO**		
Aspects	Local communities	4.2 PEOPLE Investments in People	Partial
	Corruption	4.1.2 PEOPLE Ethics and Compliance 4.1.4 PEOPLE Human Rights	
	Public policy	3.3.7 PERFORMANCE Public Policy	
	Anti-competitive behavior	3.3 PERFORMANCE Governance	
	Compliance	3.3 PERFORMANCE Governance	
Social: Society			
Performance Indicator	**Description**	**Lenovo Report Section**	**Coverage**
Corruption			
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	4.1.2 PEOPLE Ethics and Compliance We ask all employees to review and sign our Code of Conduct each year, and we offer an accompanying online course on company policies and employee obligations relating to ethics and compliance. In 2012 Lenovo required all eligible global employees, including management, to receive mandatory Code of Conduct training with a specific focus on anti-bribery and anti-corrupt on. In addition, specific groups of employees, based on their rol and/or geographic region, also participated in more targeted, live awareness sessions in addition to the mandatory training. As of April 3, 2012, more than 97% of employees worldwide had certified to the Code of Conduct and had completed the online training course.	Full

Anti-competitive behavior			
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	The total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices in FY 2010/11 and FY 2011/12 is zero (0).	Full
Compliance			
SO8	Monetary value of significant fines and total number of non-monetar sanctions for non-compliance with laws and regulations.	Zero (0) – Lenovo has not identified non-compliance with laws or regulations.	Full
Social: Product Responsibility			
DMA PR	**Disclosure on Management Approach PR**		
Aspects	Customer health and safety	3.4.2 PERFORMANCE Products Safety and Ergonomics	Partial
	Product and service labeling	3.4 PERFORMANCE Products Lenovo Global Labeling Guides – http://www.lenovo.com/global_procurement/us/en/Guidelines/global_labeling.html	
	Marketing communications		
	Customer privacy	4.1.8 PEOPLE Privacy, Work Environment and Employee Complaint Process Lenovo Privacy Practices on the web – http://www.lenovo.com/privacy/us/en/	
	Compliance	6.1 PLANET Lenovo's Environmental Commitment 6.3 PLANET Lenovo's Environmentally Conscious Products Program 6.4 PLANET Product End-of-Life Management Lenovo Compliance Information – http://www.lenovo.com/lenovo/us/en/compliance.html	
Performance Indicator	**Description**	**Lenovo Report Section**	
Customer health and safety			
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.	3.4.2 PERFORMANCE Products Safety and Ergonomics Product Safety and Ergonomics Policy – http://www.lenovo.com/social_responsibility/us/en/Lenovo_Policy_Product_Safety_and_Ergonomics.pdf 100% of Lenovo's significant products are included in the above	Full

7.3 UN Global Compact Coverage Table

Lenovo became a signatory to the UN Global Compact in 2009 and fully embraces its policies and principles. The UN Global Compact is a public-private strategic policy initiative for businesses committed to aligning operations and strategies with ten universally accepted principles in the area of human rights, labor, environment, and anti-corruption. Click here to see Lenovo's UN Global Compact Participant Information – http://www.unglobalcompact.org/participant/6103-Lenovo. The table below shows where Lenovo is addressing each of these principles.

Principle		Lenovo 2011/12 Sustainability Report Section or Web Page
Human Rights		
Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights; and	2.1 HIGHLIGHTS Sustainability Progress 4.1.4 PEOPLE Human Rights 5.1 GSC Overview Lenovo is a member of EICC whose Code of Conduct (http://www.eicc.info/documents/EICCCodeofConductEnglish.pdf) outlines standards for Labor, Health and Safety, the Environment, and standards relating to business ethics.
Principle 2	Businesses should make sure that they are not complicit in human rights abuses.	
Labour Standards		
Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	Lenovo is a member of EICC whose Code of Conduct (http://www.eicc.info/documents/EICCCodeofConductEnglish.pdf) outlines standards for Labor, Health and Safety, the Environment, and standards relating to business ethics.
Principle 4	The elimination of all forms of forced and compulsory labour;	4.1.8 PEOPLE Privacy, Work Environment and Employee Complaint Process Lenovo Corporate Policy – Commitment to Diversity and Nondiscrimination – http://www.lenovo.com/social_responsibility/us/en/Lenovo_Policy_Commitment_to_Diversity_and_Nondiscrimination.pdf Lenovo Code of Conduct – http://www.lenovo.com/social_responsibility/us/en/2011_Lenovo_CodeofBusinessConduct_EN.pdf
Principle 5	The effective abolition of child labour; and	
Principle 6	The elimination of discrimination in respect of employment and occupation.	
Environment		
Principle 7	Businesses should support a precautionary approach to environmental challenges;	6.3.1 PLANET Product Materials
Principle 8	Undertake initiatives to promote greater environmental responsibility; and	6.0 PLANET
Principle 9	Encourage the development and diffusion of environmentally friendly technologies.	6.1.3 PLANET Product Life Cycle
Anti-Corruption		
Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.	4.1.2 PEOPLE Ethics and Compliance Lenovo Code of Conduct - http://www.lenovo.com/social_responsibility/us/en/2011_Lenovo_CodeofBusinessConduct_EN.pdf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