

# Built to Last: SUSTAINABILITY FOR A NEW WORLD



# Sustainability: Built to Last



**“Marking the 25th anniversary of the company’s founding in 2009, Lenovo concluded we not only want to survive and thrive as a profitable business, but aspire to create a built-to-last company with sustainable business practices that stands the test of time for the next 25, 40 or even 50 years...”**



*Y. Yang*



*Liu Chuan zhi*

# Our Commitment to Social Responsibility

**Lenovo has adopted socially responsible business practices in every aspect of its operations and is committed to being a responsible and active corporate citizen consistently working to improve our business while contributing to the betterment of our local communities, the environmental and society overall**



# Report Highlights

- **Economic Impact**
- **Corporate Governance**
- **Human Resources**
- **Occupational Health and Safety**
- **Social Investments**
- **Products**
- **Environmental Management**
- **Global Supply Chain**





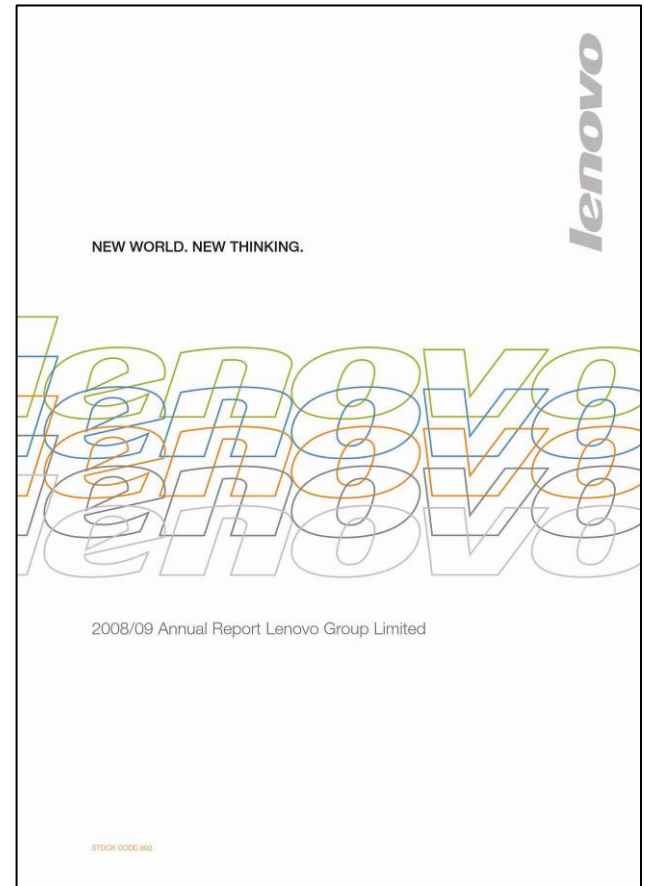
# Economic Impact

Addressing the global economic slowdown through strategic thinking and improved business performance



## Economic Impact

- We are committed to bringing sustainable long-term returns to our shareholders
- Operating in more than 60 countries, we are dedicated to serving the needs of our customers, partners, investors, employees and local communities with a business model that is based on:
  - Innovation
  - Customer satisfaction
  - Sustainability
  - Operational efficiency



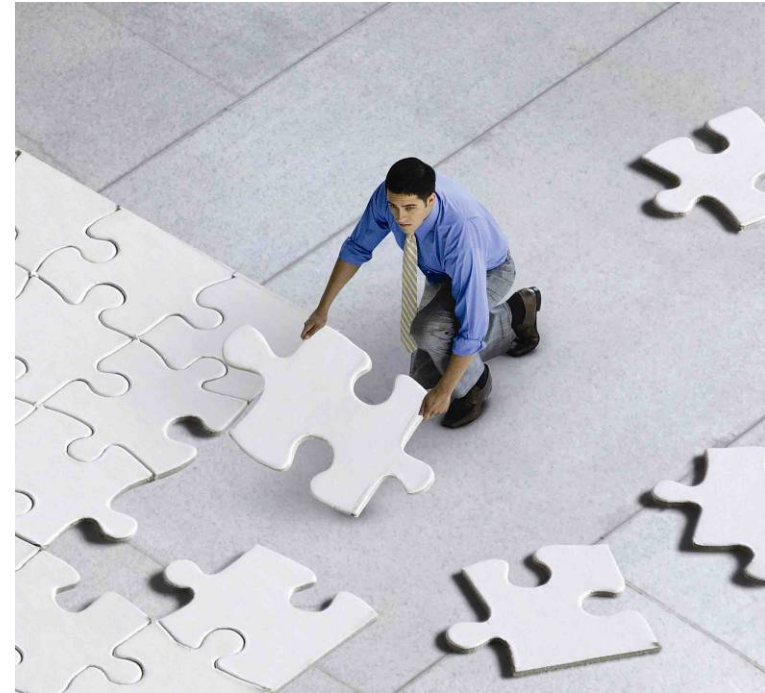
# Corporate Governance

Integrating local and international business practices to best serve the interest of shareholders, customers and employees



# Corporate Governance

- Lenovo strives to attain and uphold a high standard of corporate governance and to maintain sound and well established corporate governance practices that serve the interest of shareholders, customers and staff.
- The company abides strictly by the covering laws and regulations of the jurisdictions where it operates and observes the applicable guidelines and rules issued by regulatory authorities.
- It regularly undertakes reviews of its corporate governance system to ensure it is in line with international and local best practices.





# Corporate Governance

## Recognition and Awards

| Year | Award  | Organization              |
|------|--|---------------------------|
| 2000 | Overall Best Managed Company in China – Ranked 2 <sup>nd</sup>                                     | Asiamoney Magazine        |
| 2001 | Overall Best Managed Company in China – Ranked 1 <sup>st</sup>                                     | FinanceAsia Magazine      |
|      | Overall Best Managed Company in China – Ranked 1 <sup>st</sup>                                     | Asiamoney Magazine        |
|      | A Leader in Corporate Governance in China – Ranked 2 <sup>nd</sup>                                 | The Asset Magazine        |
| 2002 | Most Committed to Corporate Governance in China – Ranked 1 <sup>st</sup>                           | FinanceAsia Magazine      |
|      | Overall Best Managed Company – Ranked 1 <sup>st</sup>  | Asiamoney Magazine        |
| 2003 | Best Corporate Governance – Ranked 1 <sup>st</sup>   | Asiamoney Magazine        |
|      | Best Corporate Governance in China – Ranked 1 <sup>st</sup>  | FinanceAsia Magazine      |
|      | A Leader in Corporate Governance in 2002 – Ranked 5 <sup>th</sup>                                  | The Asset Magazine        |
| 2004 | Best Corporate Governance in China – Ranked 2 <sup>nd</sup>  | FinanceAsia Magazine      |
| 2005 | Best Corporate Governance in China – Ranked 3 <sup>rd</sup>  | FinanceAsia Magazine      |
| 2006 | Best Corporate Governance in China – Ranked 4 <sup>th</sup>  | FinanceAsia Magazine      |
|      | Corporate Governance Asia Recognition Awards 2006 – Asia's Best Companies for Corporate Governance | Corporate Governance Asia |
| 2007 | Corporate Governance Asia Recognition Awards 2007 – Asia's Best Companies for Corporate Governance | Corporate Governance Asia |
|      | Best Corporate Governance – Ranked 6 <sup>th</sup>   | FinanceAsia Magazine      |
| 2008 | Best Managed Company in China – Ranked 3 <sup>rd</sup>   | FinanceAsia Magazine      |
|      | Best Corporate Governance in China – Ranked 3 <sup>rd</sup>  | FinanceAsia Magazine      |
|      | Most Committed to a Strong Dividend Policy in China – Ranked 5 <sup>th</sup>                       | FinanceAsia Magazine      |
|      | Corporate Governance Asia Recognition Awards 2008 – Asia's Best Companies for Corporate Governance | Corporate Governance Asia |
| 2009 | Corporate Governance Asia Recognition Awards 2009 – Asia's Best Companies for Corporate Governance | Corporate Governance Asia |

# Human Resources

Promoting a fair and ethical working environment through corporate strategies, policies and guidelines



## Our Values

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

- Customer service
- Innovative and entrepreneurial spirit
- Accuracy and truth-seeking
- Trustworthiness and integrity





# Diversity

- Lenovo is a global corporation with 21,000 employees and significant operations on six continents.
- Everyone at Lenovo takes great pride in our ability to attract top talent from diverse backgrounds and from around the world.
- By bringing together employees with different perspectives and experiences, we spark innovation and better decision making in a collaborative culture that helps us achieve our goals.





# Occupational Health & Safety

Establishing world-class standards and procedures to promote a safe and healthy workplace



# Standardized Approach to Health & Safety

- Lenovo provides employees with products and equipment that are safe for use and strives to implement and improve processes and controls that prevent work-related accidents, injuries and illnesses.
- Our OHS organization has standardized its approach with the deployment of a global Manual ensuring appropriate health and safety measures are in place for all employees and that regulatory compliance is maintained.





# Social Investments

Encouraging  
business  
development and  
social  
entrepreneurship  
through corporate  
programs and  
initiatives



# Social Investments

- Lenovo committed 1 percent of its pre-tax income to programs and initiatives that serve society.
- “Hope Through Entrepreneurship” encourages people around the world to build businesses and social ventures that will transform their lives and their communities.
- Institutions supported include:
  - Opportunity International
  - Kiva
  - PlaNet Finance





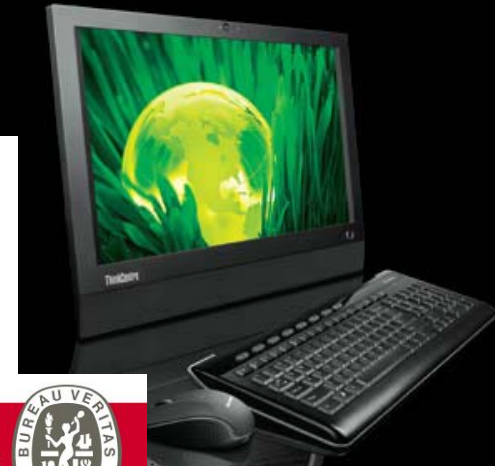
# Lenovo Products

Creating  
exceptionally  
engineered  
products that  
exceed industry  
standards in quality  
and reliability

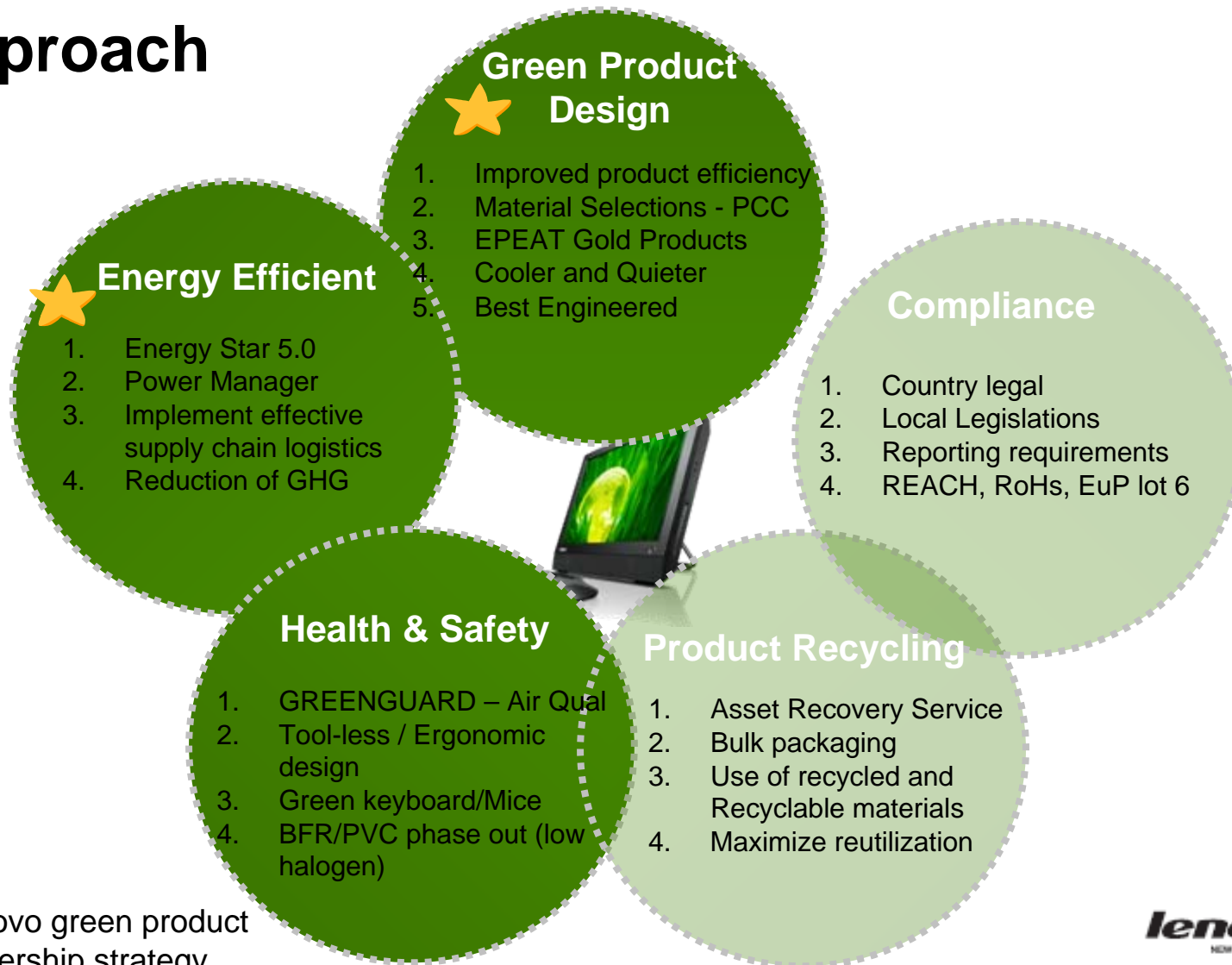


# Product Quality, Safety & Ergonomics

- ISO 9001 certified Quality Management System ensures continual design improvements.
- Framework comprising entire span of product or service delivery: purchase of raw materials or components, contract review, quality control product inspection, design, development, handling, delivery, employee training and customer service and support.
- Commitment to product safety throughout lifecycle: manufacturing, transportation, installation, use, service and disposal
- Meet all applicable legal requirements and voluntary safety and ergonomics practices to which Lenovo subscribes wherever products are sold.



# The ThinkGreen Approach



# Environmental Management

Utilizing sustainable business practices that minimize environmental impact throughout our products' lifecycle and reduce the company's carbon footprint





# Lenovo Environmental Policy

**Effective Date: June 1, 2009**

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

## **Compliance**

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

## **Prevention of Pollution**

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

## **Product Environmental Leadership**

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

## **Continual Improvement**

- Strive to continually improve Lenovo's environmental management system and performance.
- Work with Lenovo's supply chain to improve environmental protection and promote the use of environmentally preferable technologies.
- Be an environmentally responsible neighbor in the communities where we operate and act promptly and responsibly to correct conditions that may endanger health, safety or the environment.
- Provide appropriate resources to fulfill these objectives.

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

A handwritten signature in black ink, appearing to read 'Y. Yang'.

Yuanqing Yang,  
Chief Executive Officer

# Environmental Participation

|  |
|--|
| <b>ENERGY STAR™</b>  |
| <b>EPEAT™ (Electronic Products Environmental Assessment Tool)</b>  |
| <b>EICC (Electronic Industry Citizenship Coalition)</b>  |
| <b>iNEMI (International Electronics Manufacturing Initiative)</b><br><b>Efforts to develop industry-standard approaches to BFR/PVC phaseout</b>                |
| <b>VESA (Video Electronics Standards Association)</b><br><b>Development of energy-efficient interface standards for monitors</b>                               |
| <b>Carbon Disclosure Project</b>   |
| <b>R2 (Responsible Recycling) – Larger stakeholder review of U.S. EPA and smaller stakeholder group's development of R2 standard for electronics recyclers</b> |



# Environmental Management System

- ISO 14001 certified covering:  
global manufacturing, research,  
product design and development  
for personal computers and  
related products, servers, and  
digital and peripheral products.
  - Bureau Veritas audits of all major  
operations and product  
development areas.
- Legacy China sites audited by  
CESI (China Electronics  
Standardization Institute)
  - Site audits performed by Bureau  
Veritas.



ISO 14001

**BUREAU VERITAS**  
Certification





# Environmental Management

## Progress Towards FY 2008-09 Objectives and Targets

| ASPECTS  | TARGETS  | STATUS   |
|--|--|--|
| Energy Efficiency of Products                          | Participate and qualify products to ENERGY STAR™<br>Participate in ENERGY STAR™ 4.0, 5.0 JESL  | Target achieved                                      |
| Product Materials: Recycled Plastics                   | 4 percent post-consumer recycled plastics for monitors, notebooks, desktops, servers and workstations  | Target achieved                                      |
| Product Materials: Environmentally Sensitive Materials | All business units to have at least one product announcement in 2009 supporting the PVC/BFR phase-out goal.<br>The use of PVC and BFRs in all products shall be phased out by year-end 2010. | Target partially achieved                            |
| Design for Reuse and Recycling                         | Establish new DFE criteria and establish baseline  | Target achieved                                      |
| Packaging  | Reduce total packaging material consumed   | Target achieved                                      |
| Site Waste Recycling, Reuse and Disposition            | Maintain 95 percent recycling rate<br>Evaluate reuse opportunities<br>Establish recycling goals for major non-manufacturing sites  | Target partially achieved                            |
| Operational GHG Emissions                              | Define process to meet 10 percent carbon intensity goal<br>Increase energy efficiency by 5 percent at man/dev/res. sites, indexed to sales   | Target partially achieved                            |
| Product End-of-Life Management                         | Increase weight of customer returned equipment processed by Lenovo, by 50 percent over 07-08   | Below target - but improved performance year-to-year |
| Supplier Environmental Performance                     | Achieve 90 percent audit coverage for active recycling suppliers Evaluate Category 2 suppliers   | Target achieved                                      |



# Environmentally Conscious Products Program

Lenovo is committed to eliminating potential health hazards and minimizing the environmental impact of its products:

- All product lines adhere to marking of plastic parts greater than 25 grams for identification of resins for recycling.
- Products designed to minimize types of plastics contained and avoid contamination by paints, glues or welded connections.
- Product-specific upgradeability features described in product literature and declarations for all product lines.
- Recycled resins (recycled content from 10 to 50+ percent) used in a range of hardware and specified as preferred materials where practical.
- Use of chemical, nonsolvent based powder coatings evaluated wherever practical to minimize potential VOC emissions.

## Lenovo History of Energy-saving and Emissions Reduction

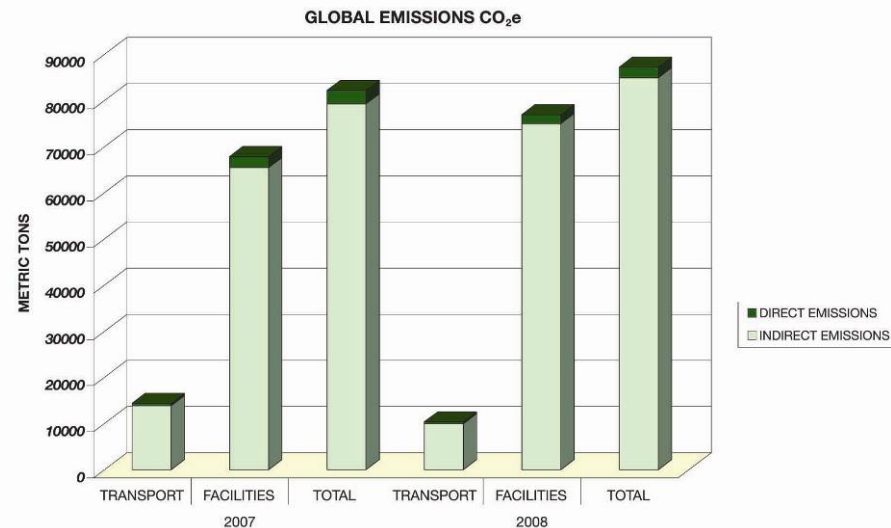
|      |   |
|------|---|
| 2004 | Lenovo China received “Green Product” award for desktop PC from China Environmental Protection Foundation.  |
| 2005 | All Lenovo’s commercial products met China’s energy saving targets.   |
| 2007 | Lenovo is actively participating in ENERGY STAR™ 4.0 newly released in July 2007 by the United States. All Lenovo notebook, desktop and monitor global models introduced since the effective date of ENERGY STAR™ 4.0 standard 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 | The Lenovo Reflex® thermoformed cushion design for desktop PCs won the 2006 AmeriStar award in the electronics packaging category from the Institute of Packaging Professionals.  |
| 2007 | Lenovo, in cooperation with The World Wildlife Fund (WWF) and other NGOs, participated in the launch of the Climate Savers Computing Initiative (CSCI).   |
| 2008 | Lenovo introduced the first China Energy Efficiency Tier One monitor.   |
| 2008 | In April 2008 Lenovo ThinkVision monitors became the first full line of monitors to score a Gold rating in the EPEAT™ registry.   |
| 2009 | In January Lenovo ThinkVision monitors became the first full line-up of monitors to achieve ENERGY STAR™ 5.0 – nine months ahead of the launch of the new standard.   |

# Reducing Green House Gas Emissions

- In 2007, Lenovo committed to improve carbon efficiency by 10 percent by FY 2012-13, based upon FY 2007-08 emissions.
- During 2008, this long-standing commitment to energy efficiency resulted in a carbon efficiency of 5.1 metric tons of CO<sub>2</sub> emitted per million dollars of revenue.
- With 17 percent of electricity in China coming from renewable resources it is estimated that more than 10 percent of Lenovo's total electricity usage is from renewable sources.



**Lenovo 2008 CO<sub>2</sub> Emissions**



# Post-Consumer Recycled Content (PCC)

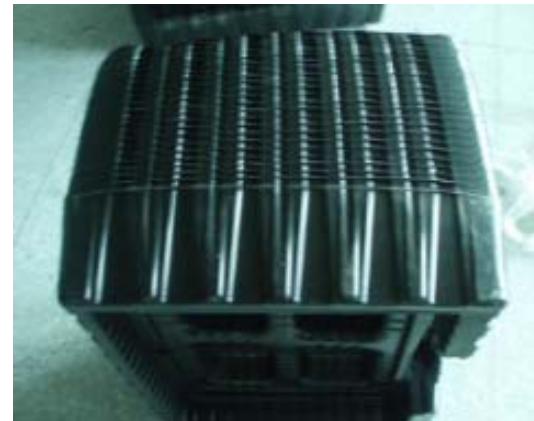
- According to EPEAT data, Lenovo is leader in use of PCC
  - All ThinkVision monitors have over 25% PCC
  - ThinkPad SL 410 and SL 510 have more than 10% PCC, other models planned.
  - Desktops, Workstations – several models with >25% PCC
  - Green keyboard – 35% PCC
- Lenovo has used more than 4 million pounds (net) of PCC since 2008, equivalent to ~131M water bottles
- Re-engineered and qualified to meet Lenovo specs
  - Performance must be as good as or better than prime resins
  - No compromise in performance or appearance
- Saves resources, diverts waste from landfill





## Green Packaging

- Lenovo reduced packaging used by over 750 tons (20%) in 2008 through design optimization
- Implementing use of 100% recycled and recyclable packaging; stackable to conserve space
- Reduced box size optimizing material consumption and minimizing environmental impacts of transportation
- Increased pallet density by 33-42%



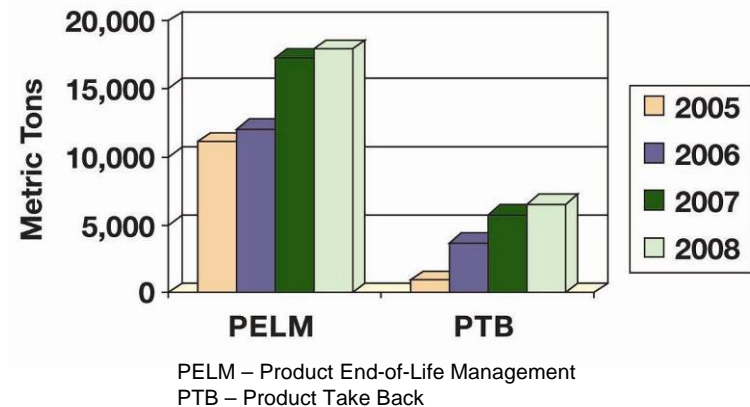
\* Available on ThinkCentre M58/M58p Eco USFF

# Product Recycling and Asset Recovery

- Lenovo supports efforts to reduce the volume of end-of-life electronic products being disposed in landfills
- The need for new raw materials is decreased through the beneficial reuse of products and parts or recycling of materials.
- Lenovo offers Asset Recovery Services (ARS) for business customers in more than 40 countries
- In 2008, customer returns constituted more than 6,246 metric tons - more than 13.7 million pounds of total processed equipment - an 8 percent increase over 2007
- Lenovo's suppliers processed >128 million pounds (58,000 metric tons) EOL computer equipment since May 2005



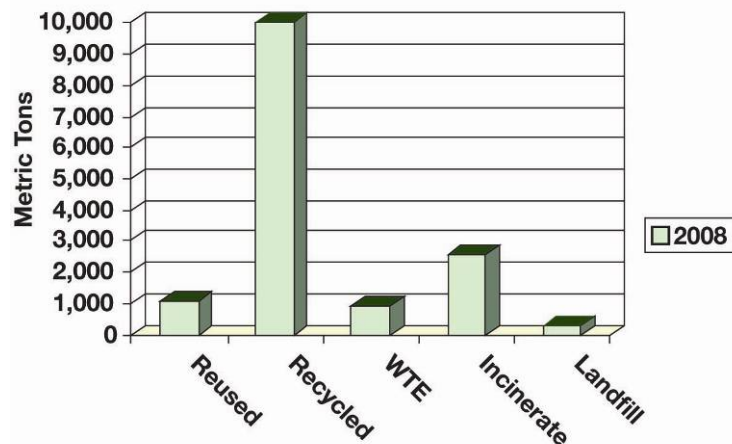
**Recovery and Recycling Trends**



# Product End of Life Management

- During the 2008 calendar year, Lenovo financed or managed the processing of more than 17,662 metric tons of Lenovo owned and customer returned computer equipment.
- Since May 2005, Lenovo has processed more than 50,000 metric tons (128 million pounds) of computer equipment.

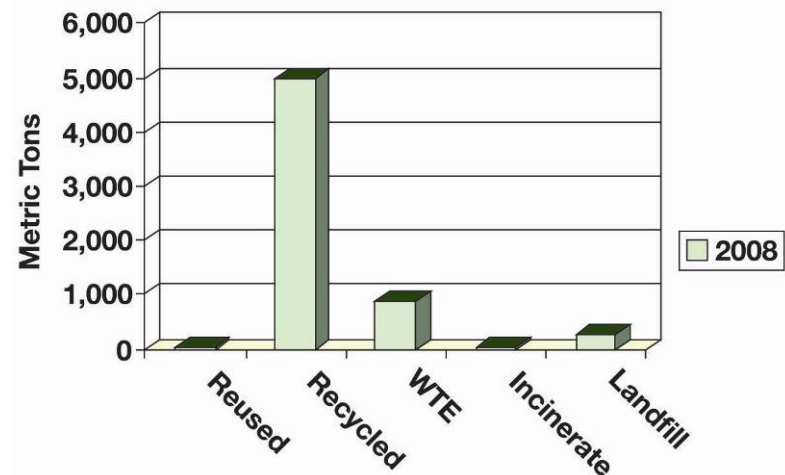
Lenovo Total End of Life Disposition



WTE – Waste to Energy

- ✓ 6% re-used as parts
- ✓ 73% recycled as materials
- ✓ 5% incinerated with WTE

Customer Owned Product Disposition



WTE – Waste to Energy

- ✓ 14% incinerated as disposal
- ✓ Only 1.5% disposed in landfills



# Global Supply Chain

Ensuring a smooth, sustainable and cost-effective business process that covers everything from logistics to site operations, packaging, supplier relationships and procurement



## Logistics & Supplier Compliance

- Delivered 7 percent increase in lower-carbon product transport in FY 2008-09
- Joined SmartWay U.S. EPA partnership to measure and improve Canadian and U.S. shipping efficiency.
- Measured and drove shifts from higher-carbon air shipments to more environmentally friendly ocean shipments.
- Established strong EICC compliant operations in manufacturing facilities
- Conducted independent third-party EICC audits in China and India (5 plants) achieving greater than 90% compliance across environmental, labor practices, ethics and management systems.
- Signed agreements with 93 percent of Tier1 direct or parts suppliers supporting EICC compliance approach within their supply chains.



# References

This presentation represents a summary of Lenovo's 2008/2009 sustainability report, "Built to Last: Sustainability for a New World." The complete report can be downloaded in PDF form in its entirety from the Lenovo website by clicking on the following link:

[http://www.lenovo.com/social\\_responsibility/us/en/FY2009\\_Lenovo\\_Sustainability\\_Report.pdf](http://www.lenovo.com/social_responsibility/us/en/FY2009_Lenovo_Sustainability_Report.pdf)

Additional information regarding all of Lenovo's social responsibility activities can be found at the "About Lenovo" section of Lenovo's website, located at:

<http://www.lenovo.com/lenovo/US/en/index.html>

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**lenovo**

**thank you** grazie **merci** danke **grazias** 謝謝 спасибо  
gracias **obrigado** ありがとう **dank** takk **bedankt** dakujem

