

Lenovo 2007/2008 Environmental Report

1. Lenovo's Environmental Commitment

Lenovo is committed to leadership in environmental affairs in all of its business activities by continuing to build upon its combined history of environmental achievement. Lenovo follows applicable regulations around the globe and is committed to doing more. Lenovo has already implemented a number of voluntary programs, and is continually evaluating potential opportunities.

Lenovo has a proud history of environmental achievements, including the following:

- 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% of those used in traditional PCs. After two years continuous promotion, this model increased the market share of PCs with a small form factor from less than 2% to 20% in China, having dramatically reduced the raw materials consumption in the PC industry.
- 2004 and 2005 - Lenovo China received "Green Product" award for desktop PC from China Environmental Protection Foundation. Received "Green Innovation" award for Lenovo Innovation Center building.
- 2005 - All Lenovo's commercial products met China's energy savings targets;
- 2006-Lenovo China and Lenovo International (the former IBM PC Division) realized the comprehensive integration of environmental management systems, standards, and product specifications.
- 2007- Lenovo introduced a complete line of notebook and desktop computers complying with the latest US EPA ENERGY STAR requirements. Lenovo also introduced its smallest, most energy efficient desktop to date, the A61e.

The Company's long-term, comprehensive approach considers everything from site operations to product design to recycling. Corporate strategies, policies and guidelines support this environmental responsibility, and each manager and employee, as well as any contractor working on a Lenovo site, bears a personal obligation to Lenovo's environmental commitments. The following sections describes in more detail Lenovo's environmental policy, programs and commitments.

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2. Lenovo's Environmental Policy

Lenovo's corporate environmental policy applies to all Lenovo operations and forms the foundation of Lenovo's Environmental Management System (EMS).

Corporate Policy 5

Environmental Affairs

Effective Date: October 10, 2006

Lenovo is committed to exhibit leadership in environmental affairs in all of its business activities. Corporate strategies, policies and guidelines must support this commitment to leadership in environmental affairs. Each manager and employee, as well as any contractor working on a Lenovo site, bears a personal responsibility for the following objectives:

- Conserve natural resources by reusing and recycling materials, purchasing recycled materials, and using recyclable packaging and other materials.
- Develop, manufacture, and market products that are energy efficient, protect the environment, and can be reused, recycled or disposed of safely.
- Use development and manufacturing processes that do not adversely affect the environment, minimize waste, prevent air, water, and other pollution, minimize health and safety risks, and dispose of waste safely and responsibly.
- Rely on internal operations that conserve energy, use energy efficiently, and give preference to renewable over nonrenewable energy sources when feasible.
- Participate in efforts to improve environmental protection around the world and share appropriate pollution prevention technology, knowledge and methods.
- Meet or exceed applicable government requirements and voluntary requirements to which Lenovo subscribes. Set and adhere to stringent requirements of our own.
- Strive to continually improve Lenovo's environmental management system and performance.
- Conduct self-assessments of Lenovo's compliance with this Policy and report periodically to senior executive management.
- Be an environmentally responsible neighbor in the communities where we operate.
- Act promptly and responsibly to correct conditions that may endanger health, safety, or the environment.
- Promptly report conditions that may threaten health, safety or the environment to authorities and affected parties, as appropriate.
- Provide appropriate resources to fulfill these objectives.

Lenovo employees should report any environmental, health, or safety concern to Lenovo management. Contractors working on a Lenovo site are expected to report any environmental, health, or safety concern to the Lenovo host or contract manager that is responsible for the contractor's work. Managers should take prompt corrective action, and to inform senior management.

Originally signed by:



William J. Amelio
President and Chief Executive Officer

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A copy of the policy can also be found at

www.pc.ibm.com/ww/lenovo/about/environment/cp5.html.

3. Lenovo's Environmental Management System

Lenovo's environmental management system (EMS) is ISO 14001 certified and covers Lenovo's global manufacturing, research, product design and development activities for personal computers and related products, servers, and digital and peripheral products. As part of Lenovo's ISO 14001 certification, an external registrar audits all major operations and product development areas annually. Lenovo's legacy China sites are audited by both Lenovo's international auditor as well as CESI, the China Electronics Standardization Institute. In addition to these external audits, Lenovo conducts regular internal EMS audits to ensure the EMS is functioning properly, tracks progress towards objectives and targets, and identifies possible areas for continual improvement.

Lenovo sets environmental goals for sites and products annually. These objectives and targets are established and driven in association with the management of our significant environmental aspects. For the 2008/2009 fiscal year, Lenovo has identified the following areas as worldwide significant environmental aspects within the EMS:

- Product materials, including use of recycled plastics and environmentally sensitive materials
- Supplier environmental performance
- Product end of life management
- Design for reuse and recycling
- Site waste recycling/reuse and non-hazardous waste disposition
- Packaging
- Green house gas (GHG) / carbon emissions factors, including product energy use and operational green house gas emissions

All sites and product business units are expected to perform their own significant environmental aspect evaluation process and may have different aspects, depending on their operations.

Lenovo has set worldwide objectives and targets for each of these significant environmental aspects, and each site or business unit with influence on the aspects is expected to develop objectives and targets to support the global goals.

Lenovo's EMS objectives and targets for fiscal year 2008/2008 are listed in Table 1, below. Progress towards these goals is monitored at a global level through periodic reporting and internal and external EMS audits.

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Table 1 Lenovo 2008/2009 Aspects and Objectives

Aspects/Objectives	Targets
Product Materials: Develop sustainable products using materials that are safe; which are environmentally preferable; and which have increased recycled content.	<ol style="list-style-type: none"> 1) Post-consumer recycled content to constitute a specific minimum of Lenovo total plastic purchases 2) All product groups must develop and implement plan by end of 1Q FY08/09 in support of BFR/PVC reduction target.
Supplier Environmental Performance: Minimize potential environmental impact of Lenovo's recycling suppliers.	<ol style="list-style-type: none"> 1) Achieve target audit coverage of Lenovo's currently active recycling suppliers by year end FY08/09 2) Evaluate high risk specialized suppliers
Product End of Life Management: Maximize recycling of customer product waste.	Increase the total weight of customer returned IT equipment processed by Lenovo suppliers by 25% over the previous year's performance.
Product Design for Reuse and Recycling: Develop products with focus on minimizing potentially hazardous content and ease of identification/removal of potentially hazardous components.	Formalize new Design for Environment criteria to address these aspects and establish baseline
Site Waste Recycling/Disposition: Maximize site waste recycling and reuse	Maintain manufacturing site recycling rate of at least 95% Establish new recycling goals at all major non-manufacturing sites.
Packaging: Maximize use of recycled content for primary packaging components in notebook and desktop systems (corrugated components & cushioning materials).	Corrugated – Specific minimum total recycled content, and post consumer content Cushions – Specific minimum total recycled content by weight across all new systems. Post consumer content marked if available.
GHG/Carbon Emissions Factors: Product Energy: Minimize climate change impact of Lenovo products by developing sustainable products with improved efficiency and/or reduced energy consumption.	Participate in ES 4.0, 5.0, and Japan Energy Savings Law across all applicable product groups
GHG/Carbon Emissions Factors: Operational GHG Emissions: Minimize GHG / carbon emissions associated with operation of Lenovo facilities worldwide.	<ol style="list-style-type: none"> 1) Decrease energy usage by specific target at manufacturing, development, and research sites, indexed to sales. 2) Define management process to reach commitment of 10% improvement in carbon efficiency by FY 2012/2013.

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A summary of progress towards fiscal year 2007/2008 objectives and targets are included in **Table 2**, below.

Table 2 Lenovo 2007/2008 Aspects and Objectives Status

Aspects	Targets	Status
Energy efficiency of products	<ol style="list-style-type: none"> 1) Specific improvement generation to gen. 2) Meet ENERGY STAR 3.0 3) Participate in ES 4.0, JESL 	Met targets
Product chemical emissions	Test 100% of all applicable products	Met target
Materials used in products	<ol style="list-style-type: none"> 1) Powder Coatings 2) Recycled plastics 3) Banned/restricted materials 	Met target for powder & materials restrictions; did not meet for plastics
Product design for recyclability and reuse	Develop DFE criteria and establish baseline	Met target – use EPEAT criteria
Carbon Emissions	Establish baseline, define management process	Met target
Non-hazardous solid waste (manufacturing sites)	Recycling rate of $\geq 95\%$	Met target
Energy (manufacturing sites)	Specific reduction indexed to production	Met target
Product End of Life Management	25% increase in weight of customer returns	Exceeded target (>50%)

Several goals were established as stretch goals to challenge product groups and sites to make extraordinary strides towards environmental improvements. In most cases, these goals were achieved; however, in the case of use of recycled plastics, several of the business units fell short of the aggressive goal. Lenovo has continued to invest time and resources into developing new sources and qualifying new types of post-consumer recycled plastics material. In FY 2007/2008 Lenovo's focus shifted from post-industrial recycled plastic to post-consumer recycled plastic. This switch was challenging and required Lenovo to retrain engineers and suppliers and to work extensively with resin suppliers to ensure the new materials met Lenovo's engineering and environmental standards, as well as the US Federal Trade Commission (FTC) definition for post-consumer recycled material. This work will form the baseline for progress in the current fiscal year towards the 2007/2008 goal. The goal for 2008/2009 post-consumer plastics will be measured by net recycled content as a percentage of total plastic purchased by Lenovo. For example, one pound of resin with 25% net recycled content will only contribute 0.25 lbs towards Lenovo's goal.

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4. Lenovo's Environmentally Conscious Products Program

Prior to becoming a global company in 2005, Lenovo had developed technical specifications for PCs that included environmental attributes such as energy, and all commercial products were designed to meet China's energy savings targets. With the globalization of Lenovo's reach in 2005, Lenovo adopted a total Environmentally Conscious Products program aimed at leadership in the global pc business.

Lenovo is committed to eliminating potential health hazards and minimizing the environmental impact of its products. In order to implement this commitment, Lenovo's chemical and substance management policy supports a precautionary approach, ensuring Lenovo will take appropriate action even if some cause and effect relationships are not fully scientifically established.

Lenovo's priority is to use environmentally preferable materials whenever applicable. In adhering to the precautionary approach, Lenovo supports restricting the intentional addition of materials of environmental concern, 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 defined concentration limits. This data can be reported to customers or other stakeholders. Finally, we actively search for environmentally preferable materials that can be substituted.

Lenovo expects its suppliers to adhere to requirements of Lenovo's Environmentally Conscious Products Program. Lenovo supplier specifications, available at <http://www.pc.ibm.com/ww/lenovo/procurement/Guidelines/Restrictions.html>, restrict the use of environmentally sensitive materials in our products. The specification encompasses both regulatory and Lenovo-imposed material bans and restrictions, including the prohibition of ozone depleting substances for all applications and the elimination of some European Union (EU) Restriction on Hazardous Substances (RoHS)-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. Additional information about RoHS can be accessed at http://www.pc.ibm.com/ww/lenovo/about/environment/RoHS_Communication.pdf.

Lenovo requires its suppliers to report any usage of brominated flame retardants (BFRs) above 1,000 parts per million (ppm), or any usage of polyvinyl chloride (PVC). In recognition of the continuing concern about usage of PVC and BFRs, Lenovo is implementing a phase out plan for both of these substances. Lenovo currently prohibits use of PVC in external cover parts of more than 25 grams. Lenovo's target for eliminating all PVC use is 2009.

Lenovo currently prohibits Polybrominated Biphenyls (PBBs) and Polybrominated Diphenyl Ethers (PBDEs), including Deca-Brominated Diphenyl Ethers from intentional addition to any Lenovo parts. Lenovo also prohibits BFRs from intentional addition to

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any newly released parts except printed circuit cards, cables and electrical assemblies. Lenovo's target for eliminating BFRs from intentional addition to all remaining parts is 2009.

These phase-out plans are dependent upon the availability of economically viable, safe alternatives, particularly for PVC-free cables and BFR-free circuit cards and components. Lenovo will work with industry suppliers and other interested parties to make a good faith effort to ensure economically viable and safe alternatives are available to support the phase out plan.

In addition to the banned and restricted materials, Lenovo has identified a list of materials and substances of environmental interest, which may be candidates for further restrictions in the future. Lenovo holds suppliers accountable for reporting the use of these materials when present in concentrations above specified levels. Lenovo requires Supplier Material Declarations using the industry standard IPC 1752 form for confirmation of compliance to the restrictions and for reporting the use of substances of interest. 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). Lenovo informs customers about the environmental attributes of its products and compliance with applicable laws and regulations through the presentation of a completed industry standard IT Eco Declaration 2004. Declarations for newly released products are posted on Lenovo's environmental Web site at (<http://www.pc.ibm.com/ww/lenovo/about/sustainability/environment/EnvironmentalDataSheets.html>).

Consistent with the precautionary approach, Lenovo analyzes the regulatory environment, and proactively engages customers, non-governmental organizations and other stakeholders in evaluating potential health and environmental impacts of its products. Lenovo weighs these inputs to determine the restricted substances, as well as the substances of interest to be tracked for the purpose of reporting and for consideration for future restrictions.

In addition to Lenovo's corporate-wide implementation of reduction/elimination of the hazardous substances, corporate environmental standards and specifications require the designers of all Lenovo information technology products to consider certain environmentally conscious design practices to facilitate recycling and minimize resource consumption.

For example:

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

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- Recycled resins, ranging in recycled content from 10 percent to 50 percent, are used in a number of Lenovo hardware applications and are specified as preferred materials where practical.
- 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.

Global climate change is profoundly influencing social and economic sustainable development, and is receiving attention from different countries of the world. Lenovo sees coping with climate change as an important part of its global responsibility, and attaches great importance to the energy efficiency of products. In 2007, Lenovo launched the Climate Savers Computing Initiative (CSCI) together with the World Wildlife Fund (WWF) and other technology companies. CSCI and its member companies advocate and promote energy efficient computer products globally. CSCI has set the goal of reducing carbon dioxide emissions by 54 million metric tons annually before 2010, and the final goal is to lower the total energy consumption of all the computers in the world to half of the current level by 2010.

The energy efficiency performance of Lenovo's products meet the energy efficiency requirements of China, Japan, the United States, EU, and other jurisdictions. All Lenovo notebook, desktop and monitor global models introduced since the effective date of Energy Star 4 satisfy the current Energy Star requirements, either in the basic models or as an option. The Energy Star compliant models are listed at http://www.energystar.gov/ia/products/prod_lists/computers_prod_list.xls.

Lenovo's 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 savings targets.
- 2007-Lenovo is actively participating in ENERGY STAR 4.0 newly released in July 2007 by the United States.
- 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).
- On July 20, 2007, EPA's criteria changed to ENERGY STAR 4.0. Most new Lenovo laptops currently meet this new, more stringent standard, while many desktop products offer models that comply as well

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Many Lenovo notebook, desktop and monitor products have been registered to the [Electronic Product Environmental Assessment Tool](#) (EPEAT). 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.

5. Waste Management

Lenovo supports efforts to reduce the volume of end of life electronic products being disposed in landfills and to reduce the need for raw materials by increasing the beneficial reuse of products and parts or recycling of materials. **Lenovo supports legislation assigning financial responsibility for end-of-life management to the individual producers.** Given the complex nature of the needed recovery systems, Lenovo supports a recovery and recycling infrastructure in which all the major stakeholders – manufacturers, retailers, government, non-governmental organizations, users and recyclers – participate based on their unique expertise and capabilities. The goal of these institutional stakeholders should be to develop an efficient collection and recycling infrastructure that is convenient for the individual consumer. Producer responsibility legislation supported by Lenovo must address all classes of producers, including retailers distributing under their own house brands.

Lenovo encourages its customers to reuse or recycle products at the end of their useful lives by offering consumers and/or commercial clients a range of recycling options for end of life products, batteries and product packaging worldwide through voluntary programs and/or country, province or state mandated programs. For customer access information for these programs visit www.pc.ibm.com/ww/lenovo/about/sustainability/environment/Product_Recycling_Program.html. Additionally, information about the location of potentially hazardous components such as batteries which may require special handling at the product's end of life can be found in the product manual or by contacting environment@lenovo.com.

In the U.S. and Canada, Lenovo participates in the Rechargeable Battery Recycling Corporation's (RBRC) "Call2Recycle" Program. Rechargeable lithium ion batteries from Lenovo products such as notebooks can be recycled free of charge at any of the RBRC's more than 30,000 drop off locations in the U.S. and Canada. For more information about the RBRC's Call2Recycle Program and to locate a battery recycling location near you, visit <http://www.rbrc.org/call2recycle/consumer/index.html>. Lenovo is also a member of a number of other battery and packaging collection and recycling consortia globally.

In December 2006 Lenovo announced a free product take back and recycling program in China for Legend and Lenovo branded PCs, notebooks, monitors and servers, and ThinkPad notebooks, ThinkCentre PCs, and ThinkVision Monitors. Lenovo announced a free take back and recycling program in India for the same products on September 1, 2007. Both of these programs provide free collection and recycling options to consumers as well as businesses. Customers can obtain information about this service for a qualified pickup by either calling the service provider or visiting their website at

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<http://www.trishyiraya.com/>. Lenovo also upgraded their US PC Recycling Service offering in 2007 to include a \$50 discount on the purchase of a Lenovo product when purchasing this service. A similar offering is available in Canada as well.

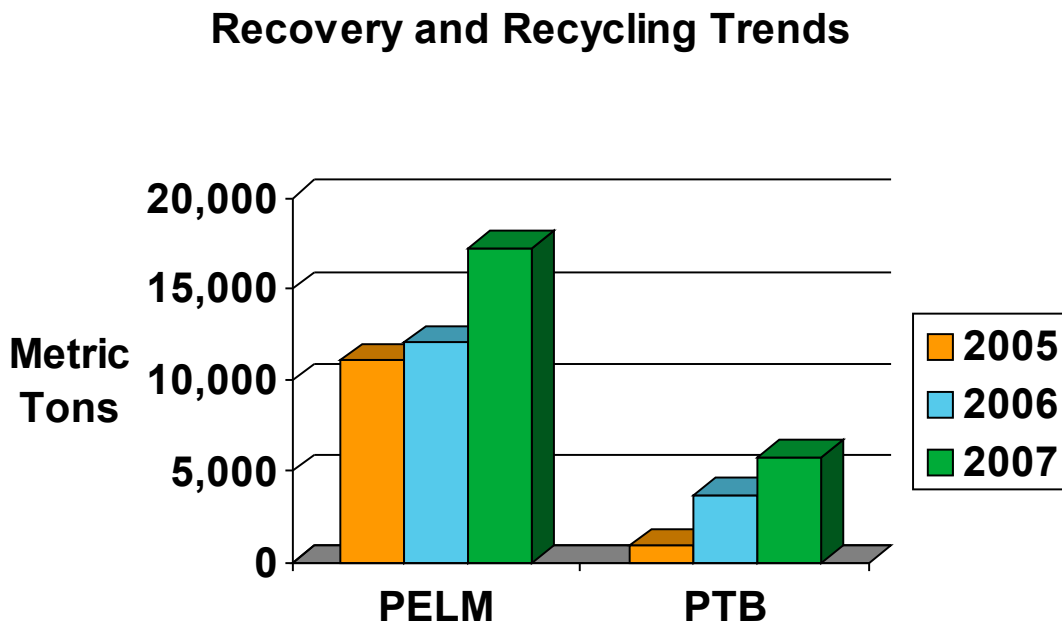
Lenovo offers asset recovery solution assistance to businesses in a large number of countries globally. Customer access information for these programs in the Americas, Asia Pacific and Europe/Middle East/Africa can also be obtained at www.pc.ibm.com/ww/lenovo/about/sustainability/environment/Product_Recycling_Program.html.

Lenovo has an extensive program for ensuring remarketed products and parts and the refurbishing, remanufacturing, recycling, and disposal of end of life products owned by Lenovo or returned by customers are accomplished in an environmentally conscious and legally compliant manner. This program includes on-site environmental evaluations and approvals by Lenovo in accordance with stringent protocol. Some of the evaluation requirements include:

- An onsite inspection of facilities and processes and review of documentation of the suppliers' environmental management system and process controls
- Identification of supplier downstream contractors and verification of their compliance to applicable legal and Lenovo environmental requirements
- Disclosure of full chain of custody including how they dispose of end of life products, options, parts and materials

Brokers and resellers of surplus and used products, options and parts must also agree only to resell functional units which will be used as originally intended purposes and to use Lenovo approved recyclers for the recycling and disposal of scrap generated from refurbishing processes and the processing of non-remarketable products and parts. Additionally, Lenovo incorporates specific environmental terms and conditions into contracts and agreements with all broker management companies and recyclers.

Figure 1 Recovery and Recycling Trends

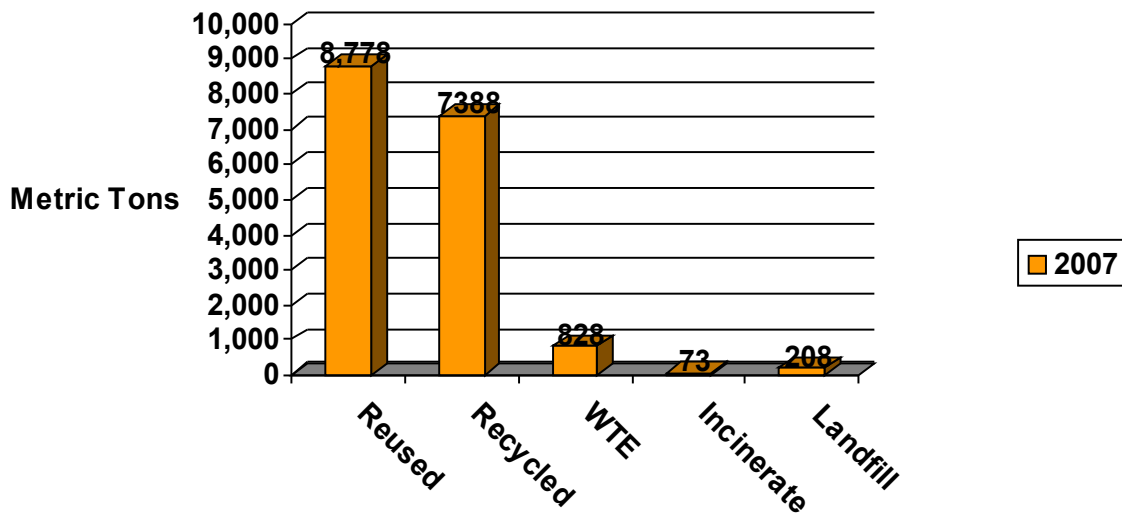


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In the past year, Lenovo financed or managed the processing of over 17,275 metric tons (38 million pounds) of Lenovo owned or customer returned computer equipment with 50.81% reused as products or parts, 42.77% recycled as materials, 4.79% incinerated with waste to energy recovery, 0.42% incinerated as disposal treatment, and only 1.21% disposed by landfill. Since Lenovo was established as a global company in May of 2005, Lenovo has processed over 40,419 metric tons (89 million pounds) of computer equipment through its contracted service providers.

Figure 2 Total End of Life Disposition

Lenovo Total End of Life Disposition

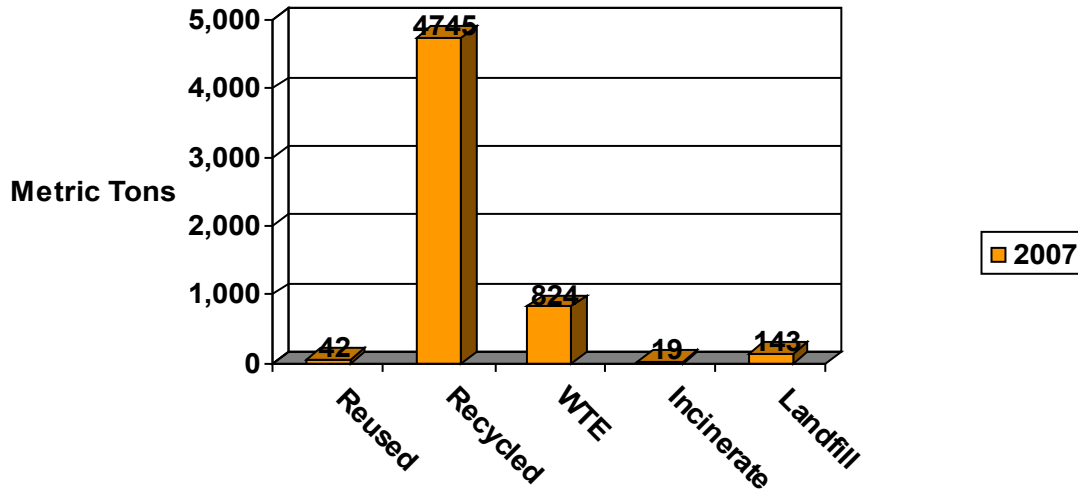


Note: WTE is Waste to Energy

In 2007, customer returns constituted over 5773 metric tons (12.7 million pounds) of the total processed equipment, a 56% increase over 2006. The recycled material from customer owned returns in 2007 represents 2.16 percent of the total weight of new products shipped in 2007 and 7.74 percent of the weight of products shipped in 2000. Since Lenovo does not operate its own asset recovery services for large enterprises, the customer end-of-life data reported here is primarily from voluntary and legal product take back programs for consumers. Shipments for 2000 include only Lenovo China shipments, since Lenovo did not purchase IBM's PC business until May 2005.

Figure 3 Disposition of Products Returned from Customers

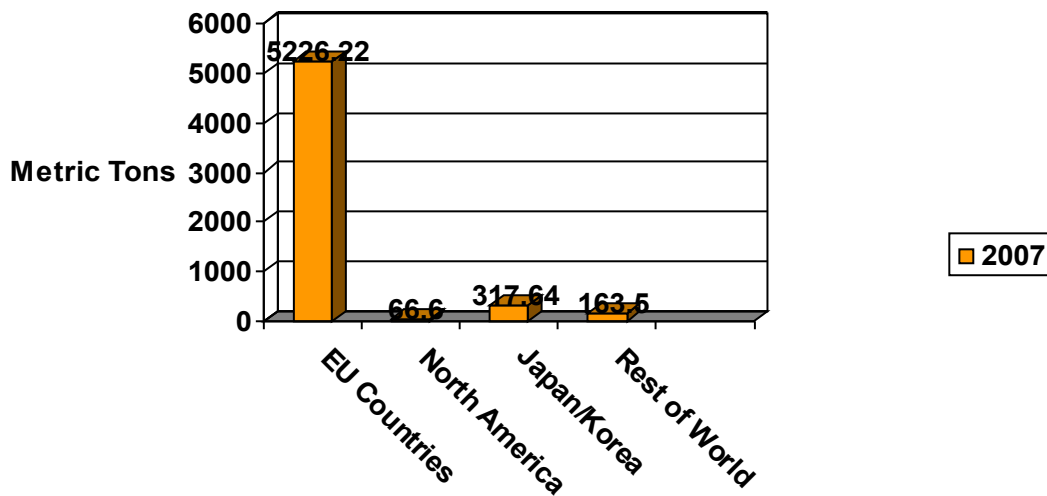
Customer Owned Product Disposition



Note: WTE is Waste to Energy

Figure 4 Customer Returns by Geography

Customer Returns by Geography



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Lenovo's commitment to sustainable development drives the organization's pro-active efforts to minimize operational environmental impacts. Ongoing efforts at Lenovo sites around the world begin with the annual review and evaluation of operational environmental aspects. Environmental metrics are established and monitored for those aspects which are identified to have real or potential significant environmental impact. To drive continuous improvement of environmental performance, manufacturing and development sites annually establish environmental objectives and targets. Lenovo's target setting process considers performance relative to the environmental metrics, the Environmental Policy, customer requirements, stakeholder input, management directives and key business processes.

During 2006 Lenovo tracked environmental performance at manufacturing facilities in Beijing, Huiyang, Shanghai and Shenzhen, China, and Pondicherry, India; research and development facilities in China, Japan and the USA; and principal operation facilities in China, Singapore and the USA. Operational objectives and targets for 2006 focused on manufacturing sites,

Operational objectives and targets for 2007 were expanded to include research and development facilities as well as the manufacturing sites. The reporting scope was also expanded to include all non-retail facilities worldwide. Lenovo commissioned a new assembly facility in Baddi, India during September 2007. Energy and emissions data only for the Baddi facility are included in this report. Lenovo also occupied two new buildings at the Principal Operations and Development site in Morrisville, North Carolina, USA. Energy, emissions, and waste data from this site are included in this report.

The 2008 environmental objectives and targets include all facilities with an employee population greater than 100. Calendar year 2008 reporting will include data from a new Customer Fulfillment Center in Whitsett, North Carolina, USA, and manufacturing facilities in Monterey, Mexico, and Legnica, Poland. A third building will be also be occupied at the Morrisville campus during 2008.

2007 Environmental Performance

Reducing Greenhouse Gas Emissions

Primary to Lenovo's strategy to reduce the environmental impact of its operations is the 2007 commitment to improve carbon efficiency. Lenovo has pledged to increase carbon efficiency by 10% by 2012 based upon 2007 emissions. The work towards accomplishing this target began in earnest during 2007 with the implementation of a comprehensive global environmental reporting process and the establishment of base year 2007 emissions data. A greenhouse gas inventory of 73,566 metric tons is accounted for in Lenovo 2007 worldwide operations. The inventory scope includes Scope 1 (direct) and Scope 2 (indirect) emissions from all manufacturing, research and development, principal operations and non-retail facilities worldwide. The inventory also includes Scope 3 emissions associated with employee ground and air travel. The emissions from purchased electricity, which is about 70 million KWh, account for approximately 80% of

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Lenovo's total emissions within this scope in 2007. The accounting methods used in compiling this data comply with the Greenhouse Gas Protocol standard and guidance.

Lenovo's CO₂ emissions inventory is detailed in the Tables below. Table 3 presents Lenovo's global Scope 1, Scope 2 and Scope 3 emissions. Table 4 details Scope 1 and Scope 2 CO₂ emissions by geographic region. Table 5 details energy consumption and Scope 1 and Scope 2 CO₂ emissions by manufacturing and development sites.

Table 3: Global CO₂ Emissions

	Metric Tons CO ₂	% Total Emissions
Scope 1 (Direct Emissions)		
Transport (Employee)	516	1
Facilities	1123	2
Sub-Total	1639	2
Scope 2 (Indirect Emissions)		
Facilities w/meters	55554	76
Facilities estimated	2555	4
Sub-Total	58109	80
Scope 3 (Indirect Emissions)		
Transport (Employee)	13818	18
Sub-Total	13818	18
Total Emissions	73566	100

Scope 1 CO₂ emissions are calculated based on the purchased quantity of commercial fuel and using published emission factors. For the Lenovo worldwide sites, direct emissions are associated with on-site energy generation and operation of company controlled vehicles. The worksheets "Emissions Based on Fuel Use," Mobile Combustion CO₂ Emissions Calculation Tool, June 2003, Version 1.2 and "GHG Emissions from Fuel Use in Facilities," Version 3.0, December 2007, were used for making the calculations. The tools were developed by World Resources Institute (WRI) and copyrighted. They are available at www.ghgprotocol.org.

Scope 2 CO₂ emissions are associated with the purchase of electricity from the grid. For 2007 emissions from all Lenovo non-retail facilities worldwide are included in this report. For facilities solely owned or operated by Lenovo, emissions were calculated using actual quantities of purchased electricity and the international electricity emission factors for the relevant country. In a few cases actual emissions rates which were obtained from the energy provider were used to make the calculations. Lenovo emissions from shared facilities were calculated using the floor area occupied by Lenovo and international electricity emission factors for the relevant country. WRI "Worksheet 1 - Standard Method," as found in "Indirect CO₂ Emissions from Purchased Electricity", Version 3.0, was used in calculating emissions associated with purchased electricity. The

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"Similar building/facility estimation method" was used for facilities which are partially occupied by Lenovo operations.

Utilizing the Scope 1 and 2 emissions as Lenovo's measurement baseline yields a CO₂ efficiency of 0.0081 pounds/\$ Revenue, exclusive of retail operations in leased facilities, the magnitude of which is believed to not be material. The baseline will be adjusted in 2008 for inclusion of estimated impact of Lenovo's retail operations and for the movement of production from suppliers to Lenovo operated facilities during calendar year 2008.

Scope 3 emissions are calculated using air miles traveled by employees in commercial jets, ground miles traveled in rental cars and air miles traveled in leased jets. The WRI worksheet "Emissions Based on Distance," Mobile Combustion CO₂ Emissions Calculation Tool, June 2003, Version 1.2 was used to perform the calculations.

Table 4: Scope 1 and 2 Emissions by Geography

Region	Purchased Electricity (MWH)	Emissions (Metric Tons CO ₂)		
		Scope 1 Emissions	Scope 2 Emissions	Total
Americas	14787	198	6575	6773
Asia Pacific	6800	322	4506	4828
China	58859	816	46359	47175
EMEA	2223	303	669	972
Global	82669	1639	58109	59748

Energy data is converted to gigajoules to allow consolidated presentation of different forms of energy.

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Table 5: Energy Consumption and Scope 1 and 2 Emissions at Manufacturing and Development Sites.

Parameter		AG	AP	AP	China	China	China	China	China	Total
		Raleigh, USA	Pondicherry, India	Yamato, Japan	Beijing	Beijing R&D	Huiyang	Shanghai	Shenzhen	
Gigaoules (Gigaoules)	Fuel Combustion	3715	1191	471	NA	30865	5368	815	1485	43909
	Purchased Electricity	46734	7084	10751	42983	47059	17062	15910	54022	241607
	Total Energy	50449	8275	11222	42983	77924	22430	16724	55508	285515
Metric Emissions	Scope 1 (Direct)	198	88	25	NA	199	396	60	109	1076
	Scope 2 (Indirect)	6102	1856	1280	9407	10299	3734	3482	11823	47983
	Total	6300	1944	1305	9407	10498	4130	3542	11932	49136

Energy Conservation Efforts

Improving energy efficiency is a fundamental element of Lenovo's strategy to meet its GHG reduction target. Actions are being taken at facilities throughout the organization to reduce energy consumption. During 2007 these activities resulted in a 5% improvement in energy efficiency at Lenovo manufacturing facilities.

The manufacturing facility in Shenzhen, China again achieved significant energy savings with an 11.8 per cent reduction in electrical use during 2007. Energy savings actions included the addition of control timers on the HVAC system, improved energy management for online servers, and a continued focus on lighting energy management. In addition, there was a consolidation of manufacturing lines into two buildings from three, providing additional energy savings.

In Pondicherry, India, electrically driven conveyors were replaced by gravity driven systems and motion detectors have been installed to actuate conveyors where gravity feed is not practical.

Energy savings actions taken at the new buildings in Morrisville include utilization of a white membrane roof to reduce heat absorption and the resulting energy consumption used for cooling, the installation of energy efficient windows which also reduces energy used for heating and cooling, the installation of programmable lighting and HVAC systems, and the installation of light sensor motion detectors in conference rooms, hallways and restrooms. Local management has also taken actions to encourage employees to personally contribute to energy consumption reductions by installing bike racks so employees can to bike to work and by providing the means and opportunity for

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employees to telecommute when business needs allow. A “Summer Hours” program that compacts employee work hours into the first four days and Friday morning of each work week will again be implemented during 2008. This program conserves energy by cutting back on HVAC and lighting demand on Friday afternoons.

Lenovo continues as a champion sponsor for NC Greenpower. During 2007, Lenovo purchased 800 blocks of NC Greenpower to support 800,000 Kwh of cleaner and renewable energy. During 2008, Lenovo will purchase 20% more, accounting for approximately 7.5% of Morrisville’s electricity consumption. The generation of this amount of renewable energy will annually offset 906 tons of CO₂ and makes a direct impact on North Carolina’s environment and economy for power generated here.

During 2008 Lenovo operational facilities are asked to maintain a continued focus on energy conservation and reduction in GHG emissions. Energy surveys designed to identify further opportunities for reductions will be carried out at all manufacturing, research and development, and principal operation facilities. Lenovo has set a target for FY 2008/09 to increase energy efficiency by a similar amount as that achieved in 2007, indexed to sales. The target of 10% improvement in carbon efficiency by 2012 is baselined against the improvements already achieved in 2004-2007.

Operational Waste Management

Managing Non-Hazardous Solid Waste

Another of Lenovo’s primary environmental objectives for operational facilities involves minimizing solid waste and maximizing recycling and reuse. Lenovo manufacturing and research and development facilities worldwide achieved reuse/recycling rate of 98% during 2007. Detailed below in Table 6 is the disposition of solid waste from Lenovo manufacturing and research and development facilities.

Table 6: Disposition of Non-Hazardous Solid Waste

Parameter		AG	AP	AP	China	China	China	China	China	Total
		Raleigh, USA	Pondicherry, India	Yamato, Japan	Beijing	Beijing R&D	Huiyang	Shanghai	Shenzhen	
Non-Haz Solid Waste (Metric Tons)	Landfill	284							346	630
	Recycled	132	1227	11	0.14	17			14860	16248
	Reused/ Resold				2326		5385	2002	129	9842
	Total	416	1227	11	2327	17	5385	2002	15336	26720
	% Recycled, Reused, or Resold	32	100	100	100	100	100	100	98	98

During 2008/09 waste management will continue to be a focus area for Lenovo. The scope of the waste management objective and target is expanded to include all major facilities worldwide. Manufacturing and research and development facilities are asked to achieve a recycling and reuse rate in excess of 95% for all non-hazardous solid waste for

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2008. All other major facilities are asked to track solid waste disposition and establish reuse and recycle targets before the end of FY 2008/09.

Managing Hazardous Waste

Lenovo operations generate minimal quantities of hazardous waste. Hazardous waste generated at operational facilities includes oils, coolants, batteries, fluorescent light bulbs and ballasts. All are disposed of in accordance with local environmental regulations with reputable vendors who are approved through a stringent audit process. During calendar year 2007, Lenovo neither imported nor exported any hazardous waste. During this reporting year, there were no significant spills. Table 7 below details the disposition of hazardous waste by Lenovo for 2007.

Table 7: Lenovo Operational Hazardous Waste Disposition

Parameter		AG	AP	AP	China	China	China	China	China	Total
		Raleigh, USA	Pondicherry, India	Yamato, Japan	Beijing	Beijing R&D	Huiyang	Shanghai	Shenzhen	
Hazardous Waste (Metric Tons)	Landfill					1.24	0.27	0.05	0.95	2.50
	Treatment					0.04			3.72	3.76
	Recycle	0.20				0.95	0.17	0.01		1.33
	Total	0.20	0.00	0.00	0.00	2.23	0.68	0.16	4.67	7.92
	% Recycled	100				43	26	6	0	17

Other Environmental Aspects

Water Resources

Lenovo does not have any intentional discharge of waste water other than into municipal waste water disposal systems. As Lenovo does not have any wet processes, Lenovo does not recycle any water. Since Lenovo only withdraws water from municipal sources, and only for human support, the Company has no significant impact on local water sources. Detailed below in Table 8 is water use at Lenovo's manufacturing and research and development facilities.

Table 8: Lenovo Water Consumption

Parameter	AG	AP	AP	China	China	China	China	China	Total
	Raleigh, USA	Pondicherry, India	Yamato, Japan	Beijing	Beijing R&D	Huiyang	Shanghai	Shenzhen	
Water (m3)	25387	3018	19412	65604	68325	28159	35062	64346	309313

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Other Air Emissions

Lenovo prohibits the use of ozone depleting substances in its products, processes, and the processes of its suppliers. Lenovo requires the reporting of unintentional releases of chemical substances as an environmental incident. No environmental incidents were recorded for 2007. Lenovo has not evaluated any contribution of fugitive emissions.

Lenovo uses minimal quantities of isopropyl alcohol as a cleaner in its operations areas. Evaporative losses of isopropyl alcohol are not quantified.

7 Public Outreach and Industry Involvement

Lenovo participates actively in several industry associations that are working towards environmental solutions for the electronics industry.

These include:

- Environmental Issues Council of Electronics Industry Associations - Board Member
- Japan Electronics and Information Technology Industries Association - Member
- Electronics Product Stewardship Canada - Board Member
- Alliance for Communication and Information Technologies - Member
- Australian Information Industry Association (AIIA) - Member
- Climate Savers Computing Initiative – Board Member
- Washington Materials Management and Financing Authority – Board Member

Recent environmental outreach include the following:

- In January 2006 Lenovo was an invited participant in an EPA led initiative on “e-cycling” addressing standards for waste electronic equipment recyclers.
- Lenovo is an invited member of US Department of Energy peer review team for Mid-Atlantic Recycling Center for End of Life Electronics.
- Lenovo has contributed to the development of the EPA sponsored EPEAT standard and program.
- Lenovo presented an invited paper titled “Impact of Global WEEE legislation on Lenovo Products” at RECCON 05 Global Electronic Recycling Solutions. conference in Morgantown, West Virginia, and at World Recycling Shanghai 05.
- Lenovo China represents the PC industry as a member of the Restriction of Hazardous Substances (RoHS) and Waste Electrical and Electronic Equipment (WEEE) implementation advisory group.
- A Lenovo representative is serving as chairman of the group writing the general technical specification for China PCs. The specification includes environmental attributes such as low radiation, noise, energy, and others.

By engaging stakeholders and through active participation in the PC industry, Lenovo continues its tradition of environmental commitment.

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8 Summary

Lenovo is committed to environmentally responsible practices in the communities around the world in which it does business. Lenovo's combined environmental history through IBM and Lenovo demonstrates a commitment to developing, continuing and advancing environmental policy and programs. Lenovo is building on this history with a long-term, comprehensive environmental approach focused on product design, management and supply chain operations, product end of life management and the health and wellness of employees.

Lenovo's history is one of respect for the environment with attention to the environmental attributes of its operations and products. Lenovo's ISO 14001 compliant Environmental Management System, includes a robust Environmental Policy instituted by its CEO. Lenovo's Environmentally Conscious Products program focuses efforts to minimize the environmental impact of our product from inception through manufacturing, their use in our customers' homes and businesses, and finally in their disposition at end of life. Recognizing the importance of climate change, Lenovo has set a carbon efficiency improvement goal, and has instituted the management system to drive to that goal. Lenovo practices transparency in reporting of our policies and practices, and our programs and results.

For additional information about Lenovo's environmental policies, practices and results, email environment@lenovo.com.