

Corporate governance report

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CORPORATE GOVERNANCE PRINCIPLES AND STRUCTURE

The board of directors (the “Board”) and the management of Lenovo Group Limited (the “Company”, together with its subsidiaries, the “Group”) strive to attain and uphold a high standard of corporate governance and to maintain sound and well-established corporate governance practices for the interest sake of shareholders and other stakeholders including, but not limited to, customers, suppliers, employees and the general public. The Company abides strictly by the governing laws and regulations of the jurisdictions where it operates and observes the applicable guidelines and rules issued by regulatory authorities. It regularly undertakes review of its corporate governance system to ensure it is in line with international and local best practices.

Compliance with Corporate Governance Code

Throughout the year ended March 31, 2021, the Company has complied with the code provisions of the Corporate Governance Code and Corporate Governance Report (the “CG Code”) set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (the “Listing Rules”), and where appropriate, met the recommended best practices in the CG Code, with the exception that the roles of the chairman of the Board (the “Chairman”) and the chief executive officer of the Company (the “CEO”) have not been segregated as required by code provision A.2.1 of the CG Code.

Since November 3, 2011, Mr. Yang Yuanqing (“Mr. Yang”) has been performing both the roles as the Chairman and the CEO. The Board has reviewed the organization human resources planning of the Company and is of the opinion that it is appropriate and in the best interests of the Company at the present stage for Mr. Yang to continue to hold

both the positions as it would help to maintain the continuity of the strategy execution and stability of the operations of the Company. The Board comprising a vast majority of independent non-executive directors meets regularly on a quarterly basis to review the operations of the Company led by Mr. Yang.

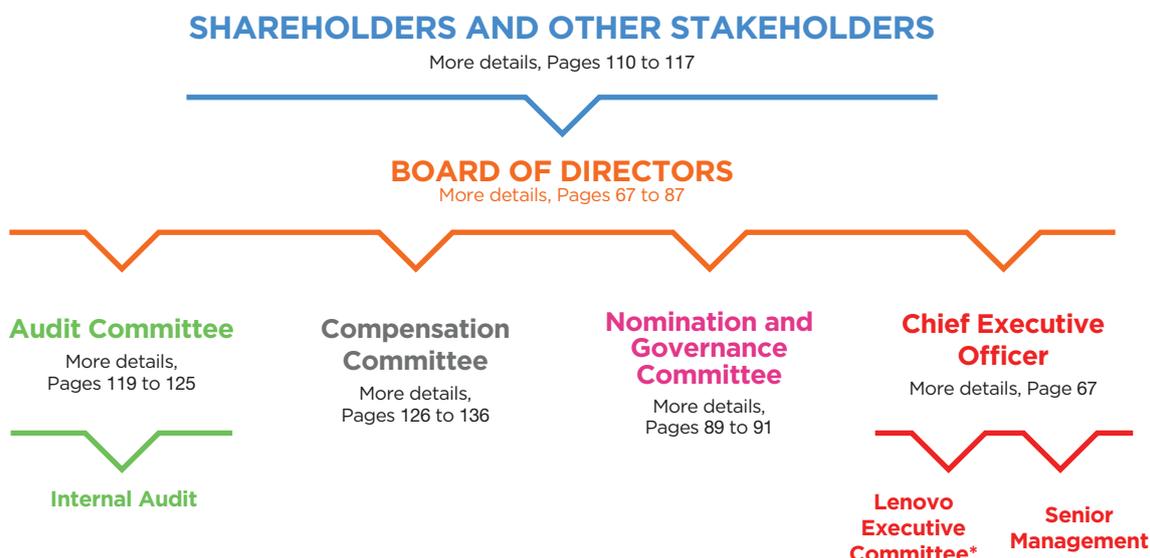
The Board also appointed Mr. William O. Grabe as the lead independent director (the “Lead Independent Director”) with broad authority and responsibility. Among other responsibilities, the Lead Independent Director serves as Chair of the Nomination and Governance Committee meeting and/or Board meeting whenever the Committee and/or Board is considering (i) the combined roles of Chairman and CEO; and (ii) assessment of the performance of Chairman and/or CEO. The Lead Independent Director also calls and chairs meeting(s) with all independent non-executive directors without management and executive director present at least once a year on such matters as are deemed appropriate. Accordingly, the Board believes that the current Board structure with combined roles of Chairman and CEO, the appointment of Lead Independent Director and a vast majority of independent non-executive directors provide an effective balance on power and authorizations between the Board and the management of the Company.

Apart from the foregoing, the Company met the recommended best practices in the CG Code as disclosed in the respective sections of this report. Particularly, the Company published quarterly financial results and business reviews in addition to interim and annual results. Quarterly financial results enhanced the shareholders’ ability to assess the performance, financial position and prospects of the Company. The quarterly financial results were also prepared using the accounting standards consistent with the policies applied to the interim and annual financial statements.

Corporate governance report

The Board has established a clear governance structure and the overall approach has been designed to support and work within our organizational structure to meet the challenges of the future.

Governance Structure



* A management committee comprising the CEO and certain members of the senior management

KEY MATTERS RESERVED TO THE BOARD DECISION

The Board has adopted a schedule of key matters relating to the strategy, finance and governance which are for decision by the Board. The table on page 81 sets out these key matters reserved by the Board for decision.

BOARD COMMITTEES STRUCTURE

The Board has delegated authority for its key governance functions to three main committees with the responsibilities outlined on page 88. Details of the activities and decisions taken by these committees during the year are shown in the relevant committees' reports.

CEO, LENOVO EXECUTIVE COMMITTEE AND DELEGATED AUTHORITIES

The CEO who manages the business in line with the strategy agreed by the Board and is accountable to it. Details of the responsibilities of CEO are set out on page 67.

The CEO is supported by the Lenovo Executive Committee which helps to implement strategy and manage operational performance. The CEO has also established authority framework adopted by the Group through which he delegates certain management decisions to specific individuals and management.

LEADERSHIP

Board Roles

As of the date of this annual report, there are ten Board members consisting of one executive director, two non-executive directors and seven independent non-executive directors. The Board has a coherent framework with clearly defined responsibilities and accountabilities designed to safeguard and enhance long-term shareholder values and provide a robust platform to realise the strategy of the Group. A summary of responsibilities of leadership of the Company and those of the Lead Independent Director is given in the diagram below.



CHAIRMAN

Mr. Yang Yuanqing

- leads the Board in the determination of its strategy and in the achievement of its objectives
- provides leadership and manages the Board to ensure that all directors are properly briefed on issues arising at Board meetings and receive adequate, complete and reliable information in a timely manner
- approves the agendas for Board meetings, taking full account of the issues and concerns of Board members. Board agendas are structured to allow adequate and sufficient time for the discussion of the items on the agendas, in particular, strategic matters
- facilitates and encourages active engagement of Board members, particularly on matters of the Group's strategy or other major proposals, by drawing on directors' skills, experience and knowledge
- ensures good corporate governance practices and procedures are established and effective communications with shareholders and other stakeholders

NON-EXECUTIVE DIRECTORS

Independent non-executive directors:

Mr. Nicholas C. Allen
Mr. William O. Grabe
Mr. William Tudor Brown
Mr. Yang Chih-Yuan Jerry
Mr. Gordon Robert Halyburton Orr
Mr. Woo Chin Wan
Raymond
Ms. Yang Lan

Non-executive directors:

Mr. Zhu Linan
Mr. Zhao John Huan

- participate in Board meetings to bring an independent judgement to bear on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct
- take the lead where potential conflicts of interests arise
- scrutinise the Group's performance in achieving agreed corporate goals and objectives, and monitor performance reporting
- make a positive contribution to the development of the Group's strategy and policies through independent, constructive and informed comments
- engage with senior management and other relevant parties, such as the external or internal auditors as well as the Company's legal department, to ensure that the various concerns and issues relevant to the management and oversight of the business and operations of the Company and the Group are properly addressed

LEAD INDEPENDENT DIRECTOR

Mr. William O. Grabe

- serves as Chair of the Nomination and Governance Committee meeting and/or the Board meeting whenever considering (i) the combined roles of Chairman and CEO; and (ii) assessment of the performance of Chairman and/or CEO
- calls and chairs meeting(s) with all independent non-executive directors at least once a year on such matters as are deemed appropriate and provides feedbacks to Chairman and/or CEO
- serves a key role in the Board evaluation process
- responds directly to shareholders and other stakeholders' questions and comments that are directed to the Lead Independent Director or to the independent non-executive directors as a group, when appropriate
- if requested by major shareholders, ensures that he is available, when appropriate, for consultation and direct communication
- performs other duties as the Board may designate

CHIEF EXECUTIVE OFFICER

Mr. Yang Yuanqing

- formulates and recommends the strategy of the Group to the Board
- executes the strategy agreed by the Board
- makes and implements operational decisions and manages the business day-to-day
- leads the business and the management team

Corporate governance report

Board Composition

The structure, size and composition (including but not limited to gender, age, skills, experiences and length of service) of the Board will be reviewed from time to time by the Nomination and Governance Committee to ensure that the Board has a balance of skills and expertise for providing effective leadership to the Company and meeting the needs of the Group.

As of the date of this annual report, the Board diversity mix is shown below while the detailed biographies and snapshot of the Board's experience are set out on pages 143 to 146 of this annual report.

Designation



Executive director | Non-executive director | Independent non-executive director

Gender



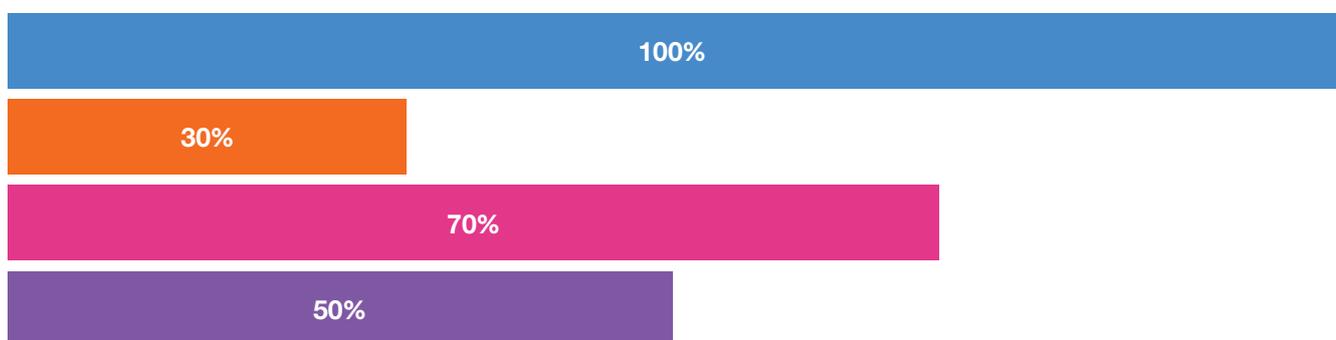
Male | Female

Age Group



44-55 | 56-65 | over 65

Area of Experience



Global operation | Accounting/Internal controls | Information Technology Industry | Equity Investment

Key Features of the Board Composition

Diversity

The Board adopted a Board diversity policy (the “Board Diversity Policy”) which relates to the selection of candidates for the Board. A summary of the Board Diversity Policy including the views and measurable objectives is set out on page 70 of this report.

Independence

The current composition of the Board exceeds the requirements under rule 3.10A of the Listing Rules, as more than half of its members are independent non-executive directors, thus exhibiting a strong independent element which enhances independent judgement.

Mr. William O. Grabe, an independent non-executive director of the Company was appointed as the Lead Independent Director for enhancing corporate governance of the Company. The roles and responsibilities of the Lead Independent Director are set out on page 67 of this report.

The Company has maintained on its website and Hong Kong Exchanges and Clearing Limited’s website (the “HKEx’s website”) an updated list of its directors identifying their roles and functions and whether they are independent non-executive directors.

Independent non-executive directors are also identified as such in all corporate communications that disclose the names of directors of the Company.

Professional qualification

Mr. Nicholas C. Allen and Mr. Woo Chin Wan Raymond, independent non-executive directors of the Company, have the appropriate professional qualifications or accounting or related financial management expertise, as required under the Listing Rules.

Relationship among directors

Mr. Zhu Linan and Mr. Zhao John Huan, non-executive directors of the Company, also serve on the board of directors of Legend Holdings Corporation, which company held approximately 37.38% of the total number of shares in issue of the Company as of March 31, 2021 according to the interest as recorded in the register maintained under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”). The details are set out on page 117 of this report and page 152 under Directors’ report of this annual report.

To the best knowledge of the Board members, there is no other relationship among the members of the Board as of the date of this annual report except for the relationships (including financial, business, family, and other material and relevant relationships) as mentioned in this report and in the biographies of directors set out on pages 143 to 146 of this annual report.

Corporate governance report

Appointment and Election

Nomination Policy

The Board adopted a Nomination Policy which guides the Nomination and Governance Committee and the Board on nomination of candidates for the Board. This Policy sets out the selection criteria, the tenure, the election/re-election requirements and the nomination procedure, details of which are set out below.

Diversity

The Board values diversity as a factor in selecting candidates to serve on the Board and believes that the diversity which exists in its composition provides significant benefits to the Board and the Company and forms an important part of the Nomination Policy.

The Board believes that a key success factor of an effective Board is that it comprises a range

and balance of skills, experience, knowledge and independence, with individuals that work as a team. The Board Diversity Policy which relates to the selection of candidates for the Board was adopted to ensure that diversity in its broadest sense continues to remain a feature of the Board. All Board appointments are made on merit, in the context of the skills, experience and diversity, the Board as a whole requires being effective. The details of the appointment process can be found on page 72 of this report.

The Nomination and Governance Committee has been delegated with the responsibilities for the review of the Board Diversity Policy on an annual basis. During the fiscal year 2020/21, the Nomination and Governance Committee reviewed the below measurable objectives and the progress in achieving these objectives:

| Measurable Objectives | | Progress for Achieving Objectives |
|--|---|-----------------------------------|
| <p>Objective 1</p> <p>Consider candidates for appointment as independent non-executive directors from a wide pool of backgrounds, skills, experience and perspectives that would complement the existing Board and preferably add diversity</p> | <ul style="list-style-type: none"> • On-going search for appropriate candidates to be appointed as independent non-executive directors • Due to the impact of COVID-19 and the current international relations, the search has become more challenging. Notwithstanding this, the Company targets to have new member(s) and add diversity to the existing Board in FY2021/22. • In the ordinary course of the Board succession process | |
| <p>Objective 2</p> <p>Report annually against the objectives and other initiatives taking place within the Company which promote diversity</p> | <ul style="list-style-type: none"> • The Board evaluation process includes an assessment of the Board's diversity helping to objectively consider the Board composition and effectiveness • FY2021/22 and ongoing | |
| <p>Objective 3</p> <p>Report annually on the outcome of the composition and structure of the Board as well as any issues and challenges the Board is facing when considering the diverse make-up of the Company</p> | <ul style="list-style-type: none"> • Make use of the Board evaluation process as an important means of monitoring the progress • Remain committed to getting the right balance of the composition of the Board and work towards understanding and managing some of the challenges the Company faces in the global information technology sector, particularly in internet, mobile, software, data center, artificial intelligence and clouds areas • FY2021/22 and ongoing | |

Corporate governance report

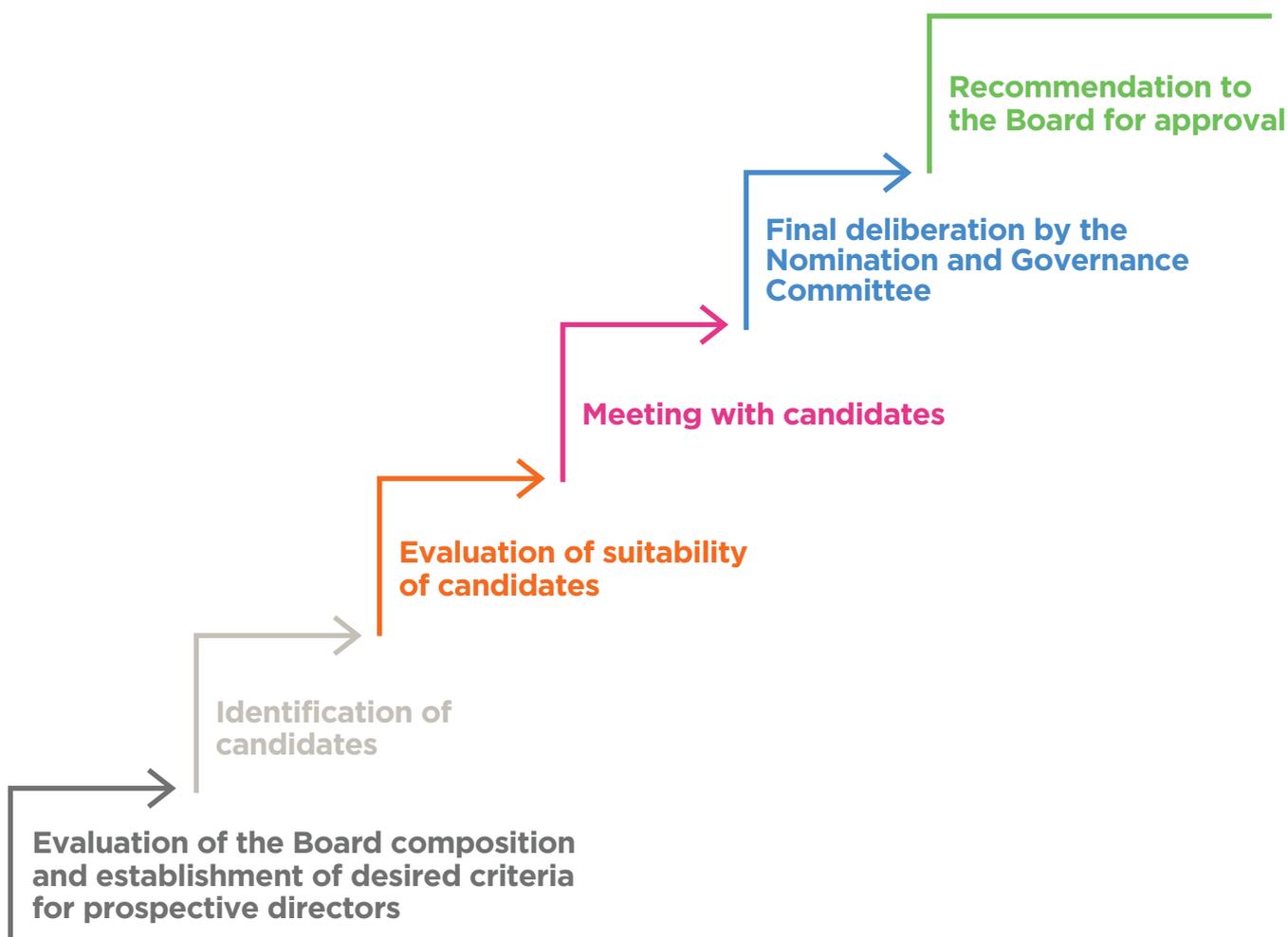
Appointment process

The Board recognises the need to ensure the Board and senior management are always well resourced, with the suitable people in terms of skills and experience to deliver the Group's strategy.

There is a formal and transparent procedure for the appointment of new directors to the Board, the primary responsibility of which has been delegated to the Nomination and Governance Committee. The Nomination and Governance Committee is composed of the Chairman and two independent non-executive directors. This composition ensures that any decisions made are impartial and are in the best interest of the Company.

The Nomination and Governance Committee's assessment of the candidates includes, but not limited to, consideration of the relevant knowledge and diversity of backgrounds, skills, experience and perspectives that would complement the existing Board.

The Nomination and Governance Committee also ensures that candidates satisfy the requisite skills and core competencies to be deemed fit and proper, and to be appointed as director. The nomination process involves the following six stages:



Succession

The Nomination and Governance Committee regularly reviews the structure, size and composition (including the skills, knowledge and experience) required of the Board and makes recommendations to the Board as appropriate. The Board has satisfied itself that the appropriate plan has been in place for orderly succession to the Board as well as procedures to ensure an appropriate balance of skills on the Board and its committees. The Board and the Nomination and Governance Committee have regularly discussed and reviewed Board composition and succession planning during the year and this will continue in the fiscal year 2021/22.

During the year, (i) Mr. Nobuyuki Idei, Independent Non-executive Director of the Company and a member of the Nomination and Governance Committee, after having served on the Board for nine years, retired from the Board after the conclusion of the annual general meeting held on July 9, 2020; (ii) Ms. Yang Lan was appointed as an Independent non-executive director of the Company and a member of the Nomination and Governance Committee on May 15, 2020 and July 9, 2020 respectively.

Tenure

In accordance with the articles of association of the Company (the "Articles of Association"), all directors are subject to retirement by rotation. At each annual general meeting, one-third of the directors for the time being shall retire from office. The retiring

directors shall be eligible for re-election. New appointments either to fill a casual vacancy or as an addition to the Board are subject to re-election by shareholders of the Company at the next following annual general meeting of the Company. The chart below shows the tenure of the Board members as of March 31, 2021.

All non-executive directors (including independent non-executive directors) have entered into letters of appointment with the Company for a term of three years. Their terms of appointment shall be subject to retirement from office by rotation and re-election at the annual general meeting in accordance with the Articles of Association.

The Company agreed that the independence of directors is an important principle of the Company. In line with the best practices on corporate governance, the Board adopted the principle that each term of an independent non-executive director of the Company shall not be more than three years and shall, subject to re-election by shareholders at any subsequent annual general meeting of the Company, be renewable for additional three-year terms up to a total of nine years. At the recommendation of the Nomination and Governance Committee, the Board may invite an independent non-executive director to serve for an additional three-year term extending up to a total of twelve years subject to re-election at any subsequent annual general meeting of the Company.

Tenure of Board members



Corporate governance report

Independence

The independent non-executive directors do not participate in the day-to-day management of the Company and do not engage in any business dealing or other relationships with the Group (other than in situations permitted by the applicable regulations) in order to ensure that they remain truly capable of exercising independent judgement and act in the best interests of the Company and its shareholders.

Each of the independent non-executive directors has made a confirmation of independence pursuant to rule 3.13 of the Listing Rules. On May 26, 2021, the Nomination and Governance Committee conducted an annual review of the independence of all independent non-executive directors of the Company for the year ended March 31, 2021. Having taken into account the factors as set out in rule 3.13 of the Listing Rules in assessing the independence of independent non-executive directors, the Nomination and Governance Committee (with the relevant committee member abstaining from voting on the resolutions concerning his own independence) concluded that all of the independent non-executive directors satisfied the criteria of independence as set out in the Listing Rules.

In addition, the Nomination and Governance Committee affirmed that all independent non-executive directors of the Company provided a strong independent element on the Board, were free from any business or other relationship which could materially interfere with the exercise of their judgement, and remained independent for the year ended March 31, 2021.

Independence Assessment

Before and on appointment

- Nomination and Governance Committee will evaluate the suitability of the candidates, including an assessment of their independence
- Upon his/her appointment, he/she is required to confirm with the Stock Exchange his/her independence having regard to the criteria under rule 3.13 of the Listing Rules

Ongoing process

- Each of the independent non-executive directors is required to inform the Stock Exchange and the Company as soon as practicable if there is any change in his/her own personal particulars that may affect his/her independence
- The independent non-executive directors are required to confirm with the Company whether he/she has any financial, business, family or other material/relevant relationship with each other on a semi-annual basis
- All directors have continuing duty to update the Company on any changes to their other appointments which will be reviewed by the Company

Annual assessment

- Each of the independent non-executive directors is required to confirm with the Company his/her independence having regard to the criteria under rule 3.13 of the Listing Rules
- Nomination and Governance Committee assesses and reviews the independence of independent non-executive directors annually

Conflicts of interest

Directors have a statutory duty to avoid situations in which they have or may have interests that conflict with those of the Company. The Board has a set procedure and guidance to deal with the actual or potential conflicts of interest of directors as follows:

- The Board deals with each appointment on its individual merit and takes into consideration all the circumstances.
- Prior to taking additional responsibilities or external appointments, directors are obliged to ensure that they will be able to meet the time commitment expected of them in their role at the Company and do not have any potential conflicts that may arise when taking up a position with another company.
- Decisions regarding transactions with directors and their related parties are always dealt with by other directors, such as matter regarding the remuneration of executive director is handled by the Compensation Committee.
- Under the Articles of Association, directors are also required to declare their direct or indirect interests, if any, in any proposal, transaction, arrangement or contract that is significant in relation to the Company's business and the director's interest or his/her associate's interest or the interest of the entity connected with the director is material.

All potential conflicts of interest will be recorded, which are reviewed on an annual basis by the Nomination and Governance Committee to ensure that the procedures are working effectively.

Commitments

All directors are committed to devote sufficient time and attention to the affairs of the Company. Directors are given guidelines on their time commitments to the affairs of the Company and corresponding confirmations were received from the directors in their letters of appointment. Directors have also disclosed to the Company the number and nature of offices held in Hong Kong and/or overseas listed public companies or organisations and other significant commitments, with their positions at the public companies or organisations. Directors are reminded to notify the Company in a timely manner and bi-annually confirm to the Company of any changes of such information. The chart below shows the number of directorship of the directors with other listed public companies as at March 31, 2021.

Directorship with other listed public companies



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With respect to those directors who stand for election or re-election at the forthcoming annual general meeting, all of their directorships held in listed public companies in the past three years are also set out in the circular accompanying the notice of the forthcoming annual general meeting.

Share ownership

The Board has adopted stock ownership guidelines for non-employee directors. The Board believes that share ownership aligns the interests of its directors with the long-term interests of the shareholders and further promotes the Company's commitment to sound corporate governance. In general, these guidelines require non-employee directors to maintain a certain level of equity awards granted to them for so long as he/she is a director of the Company.

Directors' Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules from time to time and devised based on the principles of the Model Code a comprehensive and operative company policy to govern securities transactions by directors and designated senior management of the Company. All directors of the Company have confirmed, after specific enquiry, their compliance with the required standard during the year ended March 31, 2021.

The Company has also adopted its own trading in securities policy applicable to designated senior management of the Company which is on terms no less exacting than the required standard as set out in the Model Code.

Induction and Continuous Professional Development

The Company is aware of the requirement to regularly review and agree with each director their training needs. Keeping up-to-date with key business developments is essential for directors to maintain and enhance their effectiveness.



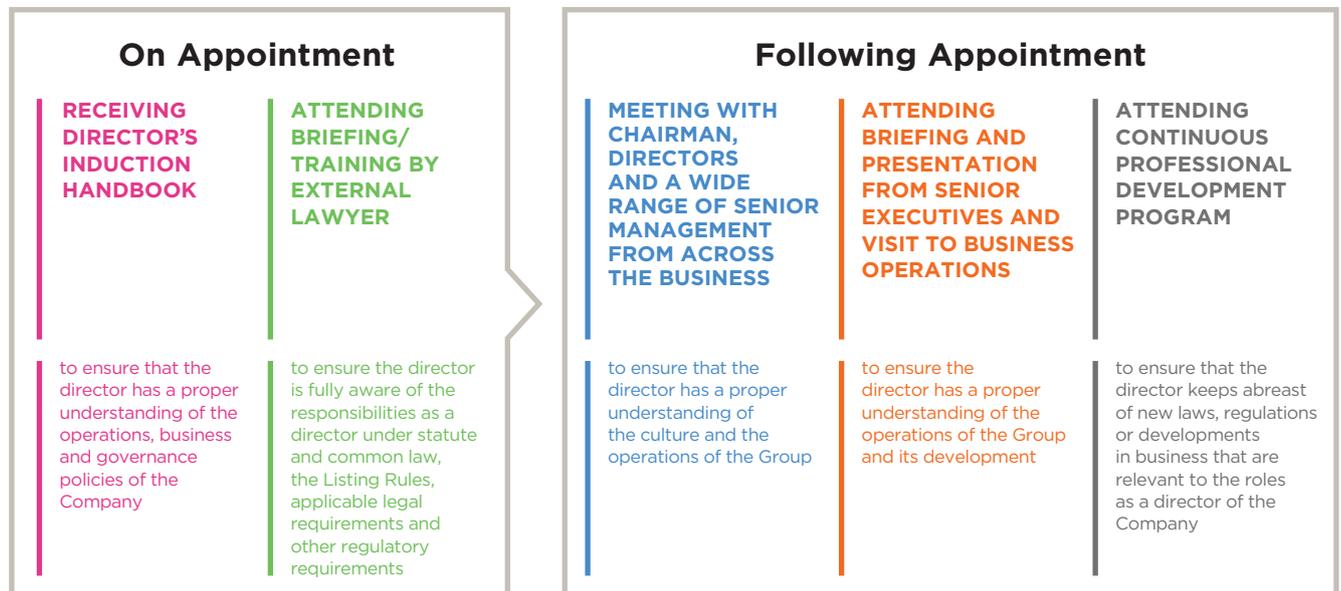
Induction program

For new directors

Upon joining the Company, directors are provided with a bespoke induction program to further their understanding of the nature of the Company, its business and the markets in which it operates, and also enhance their knowledge of the Group, its operation and staff. Induction program is tailored to each new director, depending on the experience and background of the director. Normally, a comprehensive, formal and tailored induction program covering amongst other things:

For new Board committee members

Directors to be appointed to the Board committee(s) are provided with an induction handbook which is designed to provide the Board committee members with information regarding the roles of committee members, making the most of their time on the committee(s), committee meeting annual agendas, and general information about the respective Board committee of the Company.



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Continuous professional development program

As part of the continuous professional development program, the Board members from time to time receive presentations from senior executives in the business on matters of significance. Financial plans, including budgets and forecasts, updates on Environmental, Social and Governance (“ESG”) issues are regularly discussed at Board meetings. The Company would arrange appropriate visits and seminars covering the Group’s operations, the industry and governance matters for directors to facilitate their understanding of the Group’s businesses and have a better awareness of the risks associated with the Group’s operations. However, under the global impact of COVID-19, it was difficult to have face-to-face trainings and activities across geos the directors being located. During the year ended March 31, 2021, most of the trainings and activities for the directors were held virtually.

EVENTS



In order to enhance greater interaction between Board members and senior management, the Company arranged directors to attend the Global Leadership Team (“GLT”) annual meeting. The GLT meeting was launched virtually and face-to-face in Beijing, China, Hong Kong, S.A.R. of China, Italy and Brazil on October 12 to 14, 2020, with plenary sessions and breakout sessions in the three days. It presented an excellent opportunity for Lenovo’s leaders on the one hand to work together, share ideas, identify challenges and, most importantly, develop solutions on specified topics; and on the other hand, to build cross-functional networking.



On October 28 and 29, 2020, the Company launched Lenovo Tech World virtually and invited the directors to join. Tech World was created to showcase Lenovo’s innovation and provide a glimpse into the technology being developed in labs. It included keynotes, demonstrations and more than 140 content-rich discussions and breakout sessions covering key topics like “Tech and Business in the New Remote Environment”, “Innovations in Edges”, “Intelligent Automation and Artificial Intelligence”, “Smart Vertical Solutions”, “Optimized Remote Learning”, “End-to-end IoT Solutions” and “Entertainment, Streaming and Gaming”. The participants include directors, customers, the executives within the tech industry from around the world,

EXPERTS BRIEFING AND SEMINAR



Mr. Martin Hirt, Senior Partner of McKinsey & Company, was invited to be a guest speaker to share his research papers on “Getting ahead of the next stage of the Coronavirus Crisis”.

The Company has arranged in-house experts briefing and seminars for directors to keep them abreast of the affairs relating to the Company. The directors are also encouraged to attend relevant external professional programs at the Company’s expense to keep abreast of issues facing the changing business environment within which the Group operates.



In January 2021, a pre-listing tutorial in respect of proposed listing on the Science and Technology Innovation Board of the Shanghai Stock Exchange (English and Chinese sessions) for the Company was arranged by representatives from China International Capital Corporation, Zhong Lun Law Firm and PricewaterhouseCoopers.

During the year, the Company arranged experts briefing and in-house seminar for directors on topics relating to the impacts of COVID-19 and the Proposed Issuance and Admission of Chinese Depository Receipts (“CDRs”) on the Science and Technology Innovation Board of the Shanghai Stock Exchange.

REGULATORY UPDATES

Directors are updated on a continuing basis by the Company Secretary on any new regulations and guidelines, as well as any amendments thereto issued by the Stock Exchange and other regulatory authorities, particularly the effects of such new or amended regulations and guidelines on directors specifically, and the Company and the Group.

In addition, director’s induction handbook which contains organization structure, Board policies, corporate rules and policies, and other legal reference information will be updated regularly and made available on internal electronic platform of the Company for directors’ review.

The Board considers the aforementioned training attended and/or participated in by the directors, and the continuing legal updates provided to the

directors, as adequate to enhance the directors’ skills and knowledge to carry out their duties as directors.

All directors are required to provide the Company with their training records on an annual basis and such records are maintained by the Company Secretary for regular review by the Nomination and Governance Committee. The Nomination and Governance Committee will, on a continuing basis, evaluate and determine the training and development needs of the directors, particularly on relevant new laws and regulations and essential practices for effective corporate governance, to enable the directors to sustain their active participation in Board deliberations and effectively discharge their duties.

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In addition to directors' attendance at meetings and review of relevant materials provided by senior management during the year, the professional trainings attended by the directors are set out as follows:

| Name of directors | Type of training | Reading regulatory updates/ Company policies | Attending experts briefing/ seminar/ conference relevant to the Company's business or director's duties |
|---|------------------|--|---|
| Executive director | | | |
| Mr. Yang Yuanqing | | √ | √ |
| Non-executive directors | | | |
| Mr. Zhu Linan | | √ | √ |
| Mr. Zhao John Huan | | √ | √ |
| Independent non-executive directors | | | |
| Mr. Nicholas C. Allen | | √ | √ |
| Mr. William O. Grabe | | √ | √ |
| Mr. William Tudor Brown | | √ | √ |
| Mr. Yang Chih-Yuan Jerry | | √ | √ |
| Mr. Gordon Robert Halyburton Orr | | √ | √ |
| Mr. Woo Chin Wan Raymond | | √ | √ |
| Ms. Yang Lan | | √ | √ |
| Mr. Nobuyuki Idei (retired as an independent non-executive director on July 9, 2020) | | √ | √ |

Remuneration of Directors and Senior Management

A formal and transparent procedure for fixing the remuneration packages of directors and senior management is in place. Details of remuneration policies, remuneration payable to senior management and other relevant information are set out in the Compensation Committee Report of this annual report on pages 126 to 136.

Company Secretary

The Company Secretary, Mr. Mok Chung Fu, Eric is responsible for facilitating the Board process, as well as communications among Board members with shareholders and management. During the year, the Company Secretary undertook appropriate professional training to update his skills and knowledge.

EFFECTIVENESS

Board’s Responsibilities and Delegation

The Group is controlled through the Board who is responsible for steering the success of the Group by overseeing the overall strategy and directing and supervising its affairs in a responsible and effective manner. The Board also sets the Group’s core values and adopts proper standards to ensure that the Company operates with integrity and complies with the relevant rules and regulations.

The Company has a formal schedule of matters specifically reserved to the Board and those delegated to management. The management is responsible for the daily operations and administration function of the Group under the

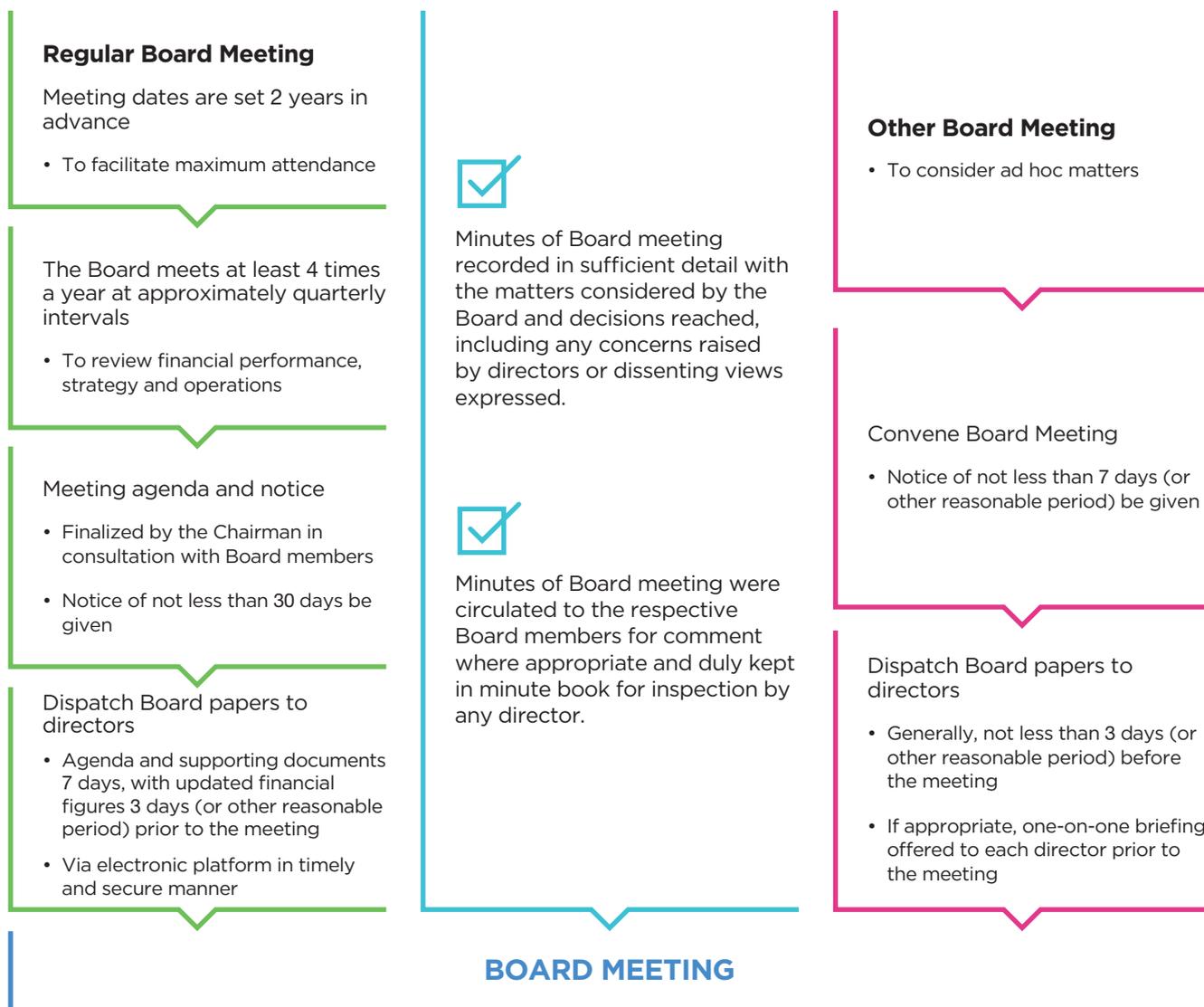
leadership of the CEO. The Board has given clear directions to management as to the matters that must be approved by the Board before decisions are made on behalf of the Company or entering into any commitments on behalf of the Group. The types of decisions to be delegated by the Board to management include implementation of the strategy and direction determined by the Board, operation of the Group’s businesses, preparation of financial statements and operating budgets, and compliance with applicable laws and regulations. These arrangements will be reviewed periodically to ensure that they remain appropriate to the Company’s needs. A list of senior management and their biographies are set out on pages 146 to 149 of this annual report.

| Key Matters Reserved for Board Approval | |
|--|--|
| Group strategy and management <ul style="list-style-type: none"> • formulation of the Group’s strategy and long-term objectives • approval of changes to capital structure • approval of major capital and equity transactions • approval of major disposals and acquisitions | Financial <ul style="list-style-type: none"> • approval of the Group’s financial statements and results announcements • recommendation on appointment or re-appointment of external auditor • recommendation or declaration of dividend • monitoring the Group’s businesses against plan and budget |
| Board membership and committees <ul style="list-style-type: none"> • appointment to the Board • setting the terms of reference of Board committees | Corporate governance and sustainability <ul style="list-style-type: none"> • review the performance of Board and its committees • approval of shareholder communications, circular and notices of meetings • review Environmental, Social and Governance (ESG) practices and approval of ESG report of the Group • review and approval of certain Group’s policies, including Nomination Policy, Board Diversity Policy, Dividend Policy, Continuous Disclosures Policy and Shareholders Communication Policy |

Corporate governance report

Board Process

The Board recognises the importance of providing timely and appropriate information to directors so as to enable them to make informed decisions and to perform their duties and responsibilities effectively.



Other Key Features of Board Process

Timely updates and discussion

The directors are supplied in a timely manner with all relevant documentation and financial information to assist them in the discharge of their duties. Monthly updates of the financial performance of the Company are furnished to the Board between regular Board Meetings.

In addition to standing agenda items, there may be discussions on “deep-dive” topics. During the year, “deep-dive” presentations included the Group’s specific strategy, business unit and function.

In addition to the quarterly regular Board meetings (earnings), generally, board meetings focusing on the Group’s strategy will be held on the day before each regular Board meeting (earnings) starting from the fiscal year 2017/18. During the year, one Board meeting on strategy and one with earnings and strategy sessions combined were held.

Senior management are invited to attend Board meetings, where appropriate, to report on matters relating to their areas of responsibility, and also to brief and present details to the directors on recommendations submitted for the Board’s consideration. Additional information or clarification may be required to be furnished, particularly with respect to complex and technical issues tabled to the Board.

The Company has established continuous disclosure policy (the “Continuous Disclosure Policy”) and its implementation guideline on monitoring, reporting and disseminating inside information. The critical concerns of the Group’s operations and developments are communicated and addressed to the Board in a timely manner.

Executive sessions

As a good corporate governance practice, separate executive sessions were arranged for (i) the Chairman to meet with independent non-executive directors in the absence of management; and (ii) the Lead Independent Director to meet with other independent non-executive directors in the absence of executive director and management to discuss matters relating to any issue or other matters such persons would like to raise. At the request of the Lead Independent Director, other directors may be invited to attend this session to answer questions from independent non-executive directors.

To enhance communication with and contribution from all the directors, the Chairman meets with each non-executive director on a one-on-one basis at least once a year.

As a follow up action item from FY2017/18 Board evaluation, the Company arranges one-on-one meeting at least once a year for (1) the Lead Independent Director to meet with each independent non-executive director; and (2) the Committee Chairman to meet with each Committee member.

Corporate governance report

Other Key Features of Board Process

Professional advices

All directors have direct access to the Chief Legal Officer and the Company Secretary of the Company who are responsible for advising the Board on corporate governance and compliance issues.

Written procedures are in place for directors to seek, at the Company's expense, independent professional advice in performing directors' duties. During the year, external consultant was engaged to provide independent professional advice to directors in a project.

Access to information

All directors were provided with a tablet and/or a notebook to gain access to meeting materials of the Board and Board committees meetings through an electronic platform.

Communication with senior management

To enhance the communication between directors and senior management and understand management planning, directors are invited to attend Lenovo's GLT event and participate in small group discussions with relevant senior management. Also, senior management are invited to attend Board meetings so that they can report relevant corporate matters and reply any questions from directors.

Indemnification and insurance

As permitted by the Articles of Association, a director or a former director of the Company may be indemnified out of the Company's assets against any liability incurred by the director to a person other than the Company or an associated company of the Company that attaches to such director in his/her capacity as a director of the Company, to the extent permitted by law.

The Company has arranged appropriate insurance to cover the liabilities of the directors arising from corporate activities. The insurance coverage is reviewed on an annual basis.

Board Activities

Board activities are structured to assist the Board in achieving its goal to support and advise senior management on the delivery of the Group's strategy within a transparent governance framework.

The diagram below shows the key areas of focus for the Board, which appear as items on the Board's agenda at relevant times throughout the financial year. Concentrated discussion of these items assists the Board in making the most appropriate decision based on the long-term opportunities for the business.

FINANCIAL AND OPERATIONAL PERFORMANCE

- CEO and Chief Financial Officer reports
- Financial and operational updates
- Annual budget
- Treasury items

GOVERNANCE AND SUSTAINABILITY

- Review and discussion of the practices of governance and sustainability matters
- Environmental, Social and Governance Report
- Board and Board Committees' effectiveness review
- Board diversity and succession planning
- Board Committees' reports

STRATEGY AND RISKS

- Discussion of main strategic issues relating to business groups', geographic and structural areas
- Review of processes and controls for strategic and operational risks

OTHERS

- COVID-19 impact
- Government relations and trade updates
- Employee engagement survey
- Ad hoc projects

Corporate governance report

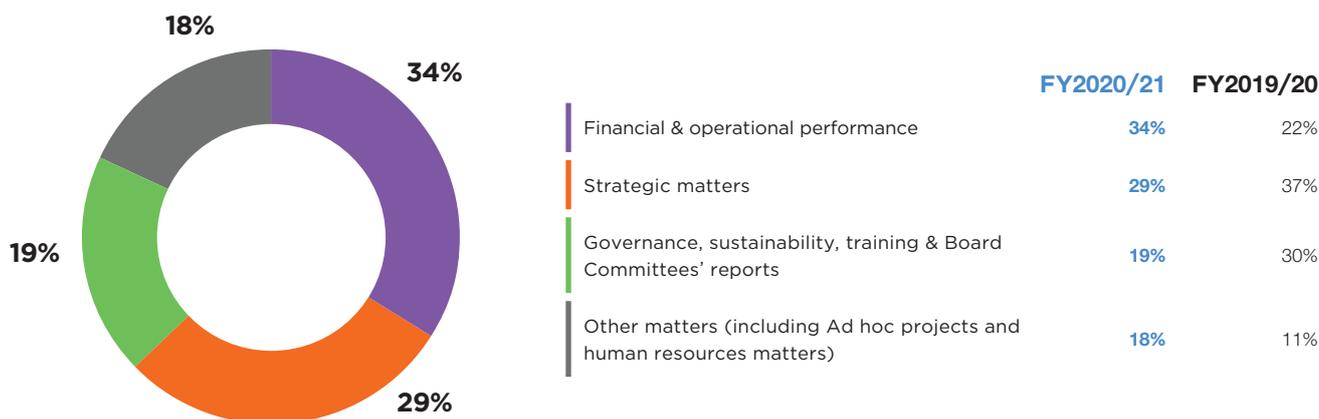
Main activities during FY2020/21

During the fiscal year 2020/21, a total of seven Board meetings were held, of which four Board meetings were primarily to review quarterly business performance and strategy execution (including one combining strategy session), one Board meeting focused on reviewing strategy in the business or other relevant areas, one for updating the directors the Company's proposal of issuance and admission of CDRs on the Science and Technology Innovation Board of the Shanghai Stock Exchange and the remaining one for updating directors

the re-organization plan of the Group. Given the geographical spread of the Group's businesses, the Company usually hold face-to-face meetings in Hong Kong S.A.R. of China, New York and Beijing. Due to the global travelling restrictions under the impact of COVID-19 during the year, the Company held the Board meetings making use of the Company's well-established video conferencing facilities in Beijing and Hong Kong offices and other teleconferencing facilities. The below chart shows how the Board allocated its agenda time during the year.

The Board

Allocation of agenda time



Directors are expected to attend all meetings of the Board and the Committees on which they serve and to devote sufficient time to the Company to perform their duties. Where directors are unable to attend a meeting, they receive papers for that meeting and also are given the opportunity to raise any issues with the Chairman in advance of the meeting.

At each scheduled meeting, the Board receives updates from the CEO and Chief Financial Officer on the financial and operational performance of the Group and any specific developments in their areas of the businesses for which they are directly

responsible and of which the Board should be aware. Chairmen of the respective Board committees would also report on matters discussed and/or approved at the relevant Board committees' meetings held prior to the Board meetings. Meetings are structured so as to allow for consideration and debate of all matters.

The main matters and areas that the Board reviewed and considered at its seven meetings (including one specific meeting focusing on strategy) during the year were as follows:

| FY2020/21 Matters considered by the Board | Financial and Operational Performance | Strategic Items | Governance and Sustainability | Human Resources/ Ad hoc projects |
|---|--|---|---|--|
| May 2020 | <ul style="list-style-type: none"> • CEO and CFO Report • Annual results announcement and annual report • Final dividend • General Mandate to buy-back shares and to issue shares, re-election of directors and notice of annual general meeting • Reports from Chairmen of Audit Committee, Compensation Committee and Nomination and Governance Committee • Re-appointment of external auditor • Board composition, diversity and Board evaluation report | <ul style="list-style-type: none"> • US-China Trade update | <ul style="list-style-type: none"> • Sustainability update • Appointment of a member of the Nomination and Governance Committee • Delegation of Authority update • Executive session for the Lead Independent Director to meet all other independent non-executive Directors without management | <ul style="list-style-type: none"> • Organization human resources planning |
| June 2020 | | <ul style="list-style-type: none"> • External speaker sharing on “Getting ahead of the next stage of the Coronavirus crisis” • FY2020/21 Corporate Strategy • 5G IP and Product Strategy | | |
| August 2020 | <ul style="list-style-type: none"> • CEO and CFO Report • Quarterly results announcement • Reports from Chairmen (or acting Chairmen) of Audit Committee and Compensation Committee | <ul style="list-style-type: none"> • Government relations and Trade update | <ul style="list-style-type: none"> • Sustainability update and ESG Report | <ul style="list-style-type: none"> • Funding activities • Update of business in China |
| November 2020 | <ul style="list-style-type: none"> • CEO and CFO Report • Interim results announcement and interim report • Interim dividend • Reports from Chairmen of Audit, Compensation and Nomination and Governance Committees | | <ul style="list-style-type: none"> • GLT Debrief • Tech World Debrief | <ul style="list-style-type: none"> • Employee Engagement Survey |
| December 2020 | | | | <ul style="list-style-type: none"> • Proposal of Issuance and admission of CDRs on the Science and Technology Innovation Board of the Shanghai Stock Exchange |
| February 2021 | <ul style="list-style-type: none"> • CEO and CFO Report • Quarterly results announcement • FY2021/22 budget • Reports from Chairmen of Audit Committee and Compensation Committee | <ul style="list-style-type: none"> • Corporate strategy update | <ul style="list-style-type: none"> • Re-organization plan | <ul style="list-style-type: none"> • Update on Proposal of issuance and admission of CDRs on the Science and Technology Innovation Board of the Shanghai Stock Exchange |

Corporate governance report

Board Committees

As at the date of this annual report, the Company has preserved three Board committees (the “Board Committees”) with defined terms of reference (which are posted on the Company’s website and HKEx’s website) – Audit Committee, Compensation

Committee, and Nomination and Governance Committee. The terms of reference of the Audit Committee, Compensation Committee, and Nomination and Governance Committee reference those set out in the CG Code prevailing from time to time.

Board of directors

Key Responsibilities

- Set strategy, mission and values
- Provide leadership of the Company and direction for management
- Collective responsibility and accountability to shareholders for the long term success of the Group
- Review the performance of management and the operating and financial performance of the Group

Audit committee

Key responsibilities

- Assist the Board in carrying out its oversight responsibilities in relation to financial reporting, risk management and internal control, and in maintaining a relationship with external auditors

Compensation committee

Key responsibilities

- Assist the Board to assess and making recommendation on the compensation policy; and to determine the compensation level and package for the Chairman of the Board, CEO, other directors and senior management

Nomination and governance committee

Key responsibilities

- Assist the Board in overseeing Board organization and composition, succession planning, developing and reviewing the corporate governance principles and policies and responsible for the assessment of the performance of the Chairman of the Board and/or the CEO and the independence of independent non-executive directors

The Board may also establish committees on an ad hoc basis to approve specific projects as deemed necessary. Should the need arise, the Board will authorize an independent board committee comprising the independent non-executive directors to review, approve and monitor connected transactions (including continuing connected transactions) that should be approved by the Board.

All Board Committees follow the same principles and procedures as those of the Board and are provided with sufficient resources to perform their duties. The Board Committees will report to the Board on a regular basis, including their decisions or recommendations to the Board, unless there are legal or regulatory restrictions on their ability to do so. The member list of the Board Committees is also posted on the Company’s website and HKEx’s website.

AUDIT COMMITTEE

The Audit Committee is delegated by the Board to perform its duties within its terms of reference. Details of the Audit Committee, including its membership, responsibilities and main activities during the fiscal year 2020/21, are summarized in the Audit Committee Report as stated on pages 119 to 125 of this annual report.

COMPENSATION COMMITTEE

The Compensation Committee is delegated by the Board to perform its duties within its terms of reference. Details of the Compensation Committee, including its membership, responsibilities and work done during the fiscal year 2020/21, are summarized in the Compensation Committee Report as stated on pages 126 to 136 of this annual report.

NOMINATION AND GOVERNANCE COMMITTEE

Membership

The Nomination and Governance Committee (defined as “Committee” in this section) of the Board of the Company as at the date of this annual report is comprised of three members, two of whom are independent non-executive directors of the Company.

The members who held office during the year and up to the date of this annual report are:

| | | |
|----------|--|--|
| Chairman | Mr. Yang Yuanqing | Chairman, CEO and executive director |
| Member | Mr. William O. Grabe | Independent non-executive director and Lead Independent Director |
| Member | Ms. Yang Lan (appointed as a member of the Committee on July 9, 2020) | Independent non-executive director |
| Member | Mr. Nobuyuki Idei (retired on July 9, 2020) | Independent non-executive director |

More information on the skills and experience of the members of the Committee may be found in the directors’ biographies set out on pages 143 to 146 of this annual report.

Corporate governance report

Responsibilities

The Committee is delegated by the Board with responsibility to review the composition of the Board and Board Committees to ensure they are properly constituted and balanced in terms of skills, experience and diversity. In addition to this, it is also responsible for:

- making recommendation to the Board on succession planning for directors and CEO;
- assessment of the performance of the Chairman and/or CEO and making proposals to the Compensation Committee;
- monitoring corporate governance issues and developments to ensure that the Company is in line with the international best practices;
- reviewing the policies and practices on corporate governance, and the compliance with legal and regulatory requirements of the Company;
- reviewing and determining the director induction and continuous professional development programs; and
- reviewing and monitoring the Board and Board Committees' evaluation and the progress of the implementation actions.

Key Features

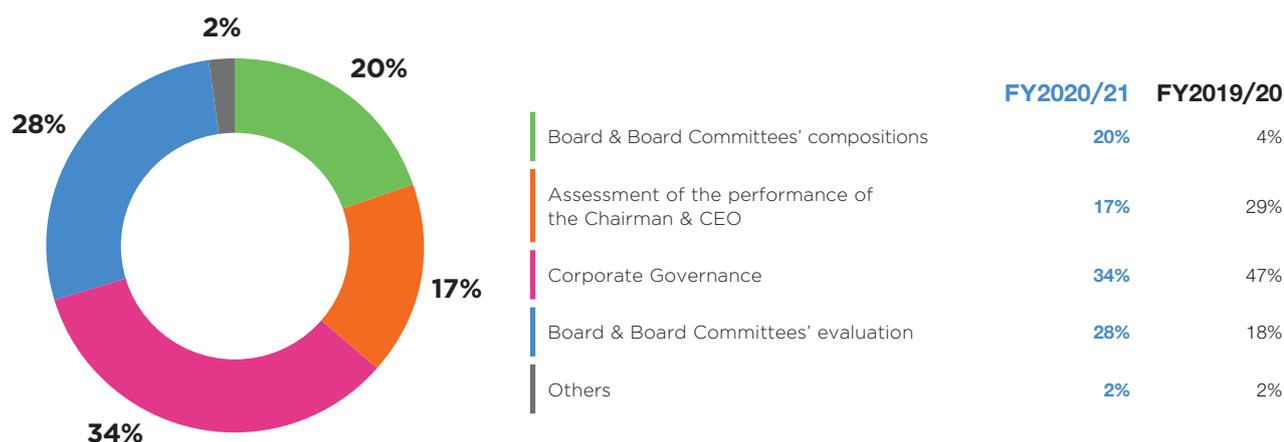
- The Committee's terms of reference which clearly deal with its membership, authority, duties and frequency of meetings are published on the Company's website and HKEx's website.
- The Committee is provided with sufficient resources to perform its duties.
- The Committee is authorised to obtain outside legal or other independent professional advice in performing its duties at the Company's expense. No request was made by any member for such advice during the year.
- Chief Legal Officer and Company Secretary are invited to attend the Committee meetings in order to provide insight and enhance the Committee's awareness of corporate governance issues and developments.
- The chairman of the Committee being also the Chairman and CEO, is required to excuse himself from the agenda items relating to succession planning of the Chairman and/or CEO and the assessment of performance of the Chairman and/or CEO.

Main Activities During FY2020/21

In the fiscal year ended March 31, 2021, the Committee held two meetings, with all members in attendance at each meeting. The attendance record of the Committee's members is set out on page 92 in this report and the chart below shows how the Committee allocated its time during the fiscal year 2020/21.

Nomination and Governance Committee

Allocation of agenda time



The main matters and areas that the Committee reviewed and considered during the year were as follows:

| | |
|---|---|
| <p>Board and Board Committees' compositions</p> | <ul style="list-style-type: none"> Reviewed and recommended to the Board on the structure, size and composition of the Board including the diversity and balance of skills, knowledge and experience of the directors. Discussed the requirements of candidate(s) and identified potential candidate(s) as new board member(s) from the perspectives of gender, skills, knowledge, qualifications and experience. Considered and recommended the appointment of Ms. Yang Lan as a member of Nomination and Governance Committee. Reviewed and discussed the progress against Board diversity targets. |
| <p>Assessment of the performance of the Chairman and CEO</p> | <ul style="list-style-type: none"> Assessed the performance of the Chairman and CEO for the fiscal year 2019/20 and provided recommendation to the Compensation Committee. Reviewed the arrangement of same person acting as Chairman and CEO. |
| <p>Corporate Governance</p> | <ul style="list-style-type: none"> Reviewed corporate governance disclosures in 2019/20 annual report and 2020/21 interim report. Reviewed and assessed the independence of independent non-executive directors and affirmed the Committee's view over their independence. Reviewed and discussed the continuous professional development programs for the directors of the Company. Reviewed the policies and practices on corporate governance, and the compliance with legal and regulatory requirements of the Group. |
| <p>Board and Board Committees' evaluation</p> | <ul style="list-style-type: none"> Reviewed report on the results of the Board evaluation for the fiscal year 2019/20 and discussed and proposed actions to be taken. Discussed the progress of the follow-up actions of the Board evaluation. |

Corporate governance report

Board and Board Committees Meetings

During the year ended March 31, 2021, the overall attendance rate of directors at Board and Board Committees meetings was 99% (2019/20: 92%).

The individual attendance records of each director at the meetings of the annual general meeting, Board, Audit Committee, Compensation Committee and Nomination and Governance Committee during the year ended March 31, 2021 are set out below:

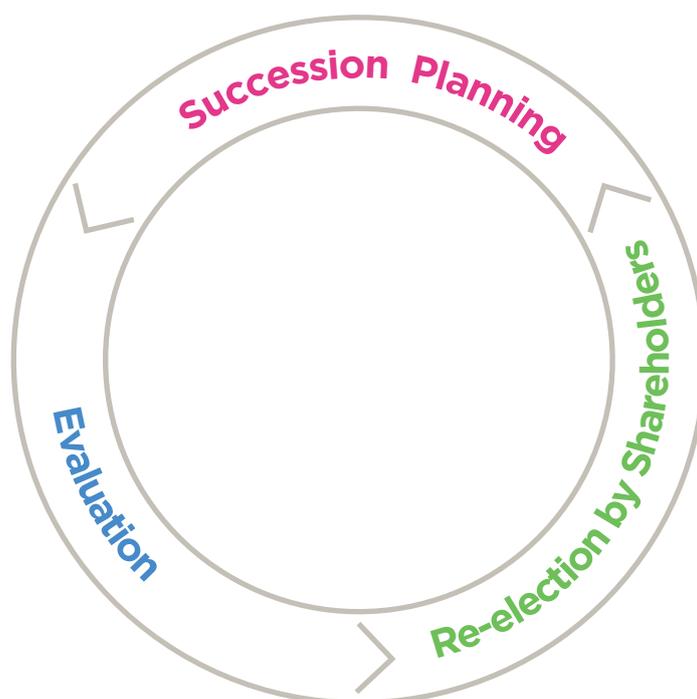
| Name of directors | Meetings attended/held | | | | | |
|---|------------------------|-------------------------------------|---------------------------------------|---|---|--|
| | Board (Notes 1 & 2) | Audit Committee (Notes 1 & 4) | Compensation Committee (Note 1) | Nomination and Governance Committee (Notes 1 & 5) | Annual General Meeting (Notes 3 & 4) | General Meeting held on February 4, 2021 |
| Executive director | | | | | | |
| Mr. Yang Yuanqing (Chairman & CEO) | 7/7 | - | - | 2/2 | 1/1 | 1/1 |
| Non-executive directors | | | | | | |
| Mr. Zhu Linan | 6/7 | - | - | - | 0/1 | 0/1 |
| Mr. Zhao John Huan | 7/7 | - | 4/4 | - | 0/1 | 0/1 |
| Independent non-executive directors | | | | | | |
| Mr. Nicholas C. Allen | 7/7 | 4/4 | - | - | 1/1 | 1/1 |
| Mr. William O. Grabe (Lead Independent Director) | 7/7 | - | 4/4 | 2/2 | 1/1 | 1/1 |
| Mr. William Tudor Brown | 7/7 | 4/4 | 4/4 | - | 1/1 | 0/1 |
| Mr. Yang Chih-Yuan Jerry | 7/7 | - | - | - | 0/1 | 0/1 |
| Mr. Gordon Robert Halyburton Orr | 7/7 | 4/4 | 4/4 | - | 1/1 | 1/1 |
| Mr. Woo Chin Wan, Raymond | 7/7 | 4/4 | - | - | 1/1 | 1/1 |
| Ms. Yang Lan ⁽⁷⁾ | 7/7 | - | - | 1/1 | 0/1 | 1/1 |
| Mr. Nobuyuki Idei ⁽⁶⁾ | 2/2 | - | - | 1/1 | 1/1 | - |

Notes:

- (1) The attendance figure represents actual attendance/the number of meetings a director is entitled to attend.
- (2) The Board held four regular meetings, one strategy meeting and two special meetings during the year.
- (3) The Company held the annual general meeting on July 9, 2020.
- (4) Representatives of the external auditor participated in every Audit Committee meeting, the annual general meeting and the general meeting held during the year.
- (5) For corporate governance reasons, Mr. Yang Yuanqing was required to excuse himself from the agenda item relating to assessment of the performance of the Chairman and CEO of the Nomination and Governance Committee meeting to avoid conflict of interest.
- (6) Mr. Nobuyuki Idei retired as an independent non-executive director and a member of the Nomination and Governance Committee after conclusion of the 2020 annual general meeting held on July 9, 2020.
- (7) Ms. Yang Lan was appointed as a member of the Nomination & Governance Committee on July 9, 2020.

Board and Board Committees' Effectiveness Review

The Board is aware of the importance of continually assessing its own performance in support of the leadership of the Group. The Board has a formal process, led by the Nomination and Governance Committee, for the evaluation of the performance of the Board and Board Committees, to ensure that they continue to act effectively and efficiently and to fulfill their respective duties. The process involves the following ways:



Succession Planning

The Board is ultimately responsible for succession planning for directorships and key management roles. During the year, the Board and the Nomination and Governance Committee have discussed and reviewed Board composition and succession planning to ensure that the successors for key roles are identified and their performance are also assessed.

Evaluation

The Board believes that the evaluation is helpful and provides a valuable opportunity for continuous improvement. The objectives of the evaluation were to build on the improvements made since the last evaluation, thereby improving the collective contribution of the Board as a whole and also the competence and effectiveness of each individual director. As agreed by the Board members, the evaluation is conducted every two years.

Mr. William O. Grabe, the Lead Independent Director, is delegated with authority to take a key role in the Board evaluation process. Mr. Grabe, in consultation with the Chairman and supported by the Chief Legal Officer and the Company Secretary, will compile and circulate a comprehensive electronic questionnaire for completion by all directors, the aim of which is to evaluate the performance and effectiveness of the Board and its committees.

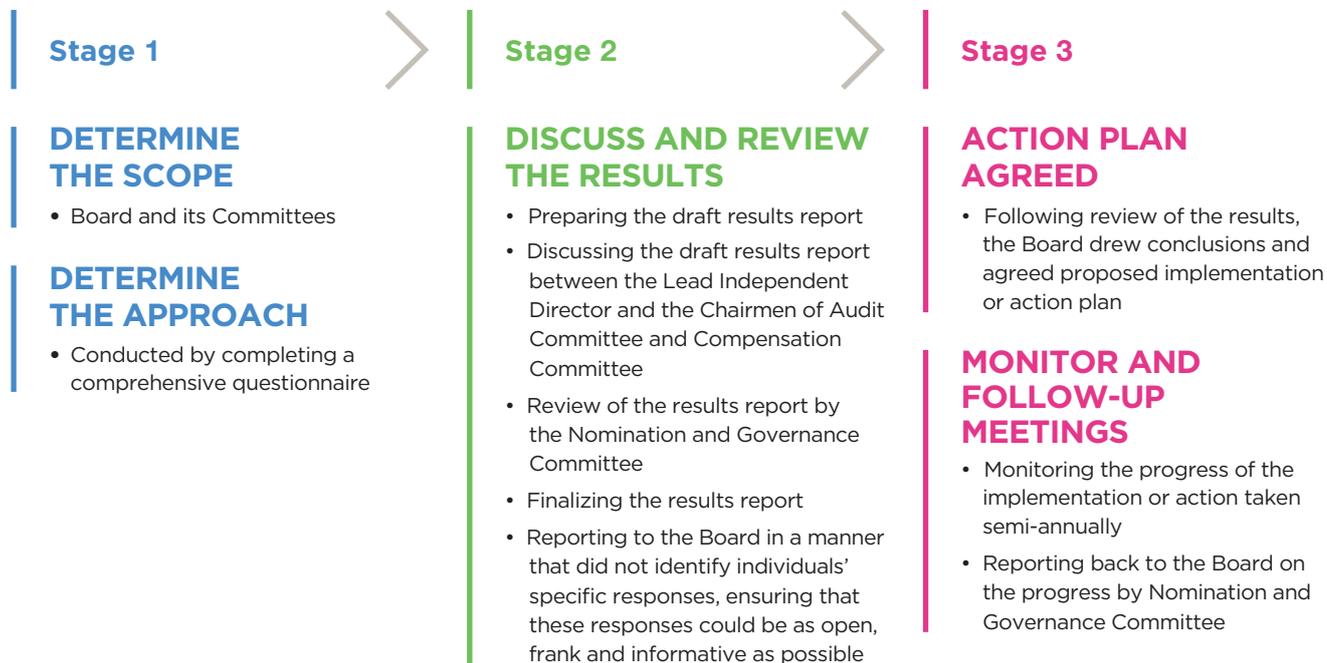
The evaluation covered:

- Board processes and their effectiveness
- Time management of Board meetings
- Board composition and dynamics
- Strategic and operational oversight
- Professional Development
- Succession planning
- Board support
- Communications with shareholders and stakeholders

Corporate governance report

Evaluation process

The evaluation process involves the following three stages:



Evaluation results

A consolidated report of the outputs from the evaluation will be prepared by Nomination and Governance Committee for review and consideration by the Board. The results of the evaluation and the implementation or action plan will be thoroughly discussed at a Board meeting.

Re-election by Shareholders

Pursuant to the Articles of Association, one-third of the directors for the time being shall retire from office at each annual general meeting. The retiring directors shall be eligible for re-election. New appointments either to fill a casual vacancy or as an addition to the Board are also subject to re-election by shareholders at the next following annual general meeting of the Company. The Nomination and Governance Committee has conducted a review of each director seeking re-election. The sufficient biographical and other information on those directors seeking re-election are provided in the annual report and the circular to enable shareholders to make an informed decision.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board acknowledges its responsibility for presenting a balanced, clear and comprehensive assessment of the Group's performance, position and prospects. The Board is also responsible for the preparation of financial statements for each financial year which gives a true and fair view of the state of

affairs of the Group on going concern basis while the external auditor's responsibilities to shareholders are set out in the Independent Auditor's Report on pages 168 to 173 of this annual report.

The practices of the Company on the timeline for publication of financial results and the related reports are set out below:

| |
|--|
| Annual Results |
| <ul style="list-style-type: none">• Announced within 2 months• Published the annual report within 15 days following the annual results announcement |
| Interim Results |
| <ul style="list-style-type: none">• Announced within 1.5 months• Published the interim report within 15 days following the interim results announcement |
| Quarterly Results |
| <ul style="list-style-type: none">• Announced within 7 weeks following quarter end |

Risk Management and Internal Control

At Lenovo, risk is defined as a potential action, event or circumstance that could impact the Company's ability, favorably or unfavorably, to meet its strategic goals. Risk is an inherent part of the Company and needs to be understood and managed properly to provide a foundation for the Company's sustained growth.

In line with the commitment to deliver sustainable value, Lenovo adopts a holistic risk management and internal controls framework to proactively manage risks. This framework is put into effect by Lenovo's Board of Directors and the Audit Committee to support the Board in monitoring risk exposures, the design and operating effectiveness of the underlying risk management and internal controls systems.

Corporate governance report

Board

- Has overall responsibility for the Lenovo's risk management and internal control systems.
- Oversees and monitors the overall effectiveness of the risk management system and internal audit function through the Audit Committee.

Audit Committee

- Supports the Board in reviewing and monitoring the performance of the risk management system and key risks and internal control systems.
- Reviews the process for identifying, assessing and reporting key risks and control issues of the Company.
- Reviews the adequacy and efficiency of the Company's internal audit function.
- Reviews the enterprise risk management approach.
- Reviews risks raised during annual risk registration exercise, and other risks and concerns.
- Approves Company's risk tolerance

Internal Audit (IA)

- Supports the Audit Committee in reviewing effectiveness of internal controls system.
- Capitalizes on the audit processes to independently assess the effectiveness of established system of controls.
- Independent investigations regarding certain allegations of fraud and violations of Lenovo's Code of Conduct ("the Code") and other company policies.

Senior Management

- Provide leadership and guidance for the balance of risk and return.
- Designs, implements and reviews Lenovo's risk management framework.
- Ensures that salient risks are highlighted to the Audit Committee, along with the status of actions taken to manage these risks.

Enterprise Risk Management (ERM)

- Responsible to design, implement, review and update Lenovo ERM framework.
- Coordinates the risk identification and assessment process, highlights identified risks to the Audit Committee, along with the status of actions taken to manage these risks.
- Risk management projects.

Business Functions

- ERM Risk Champions are appointed in each function where risk ownership is established.
- Identify risk, assess and initiate control and mitigation measures in their areas of responsibility.
- Establish group-wide policies and guidelines where appropriate.
- Quarterly management disclosure and certification process trigger reporting of unusual items, occurring in of the ordinary course of our business, which raise significant financial or business risks.

This risk management and internal control framework is in place to improve communication of identified risks with management, measure the impact of the identified risks and facilitate implementation of coordinated mitigating measures.

Internal Control

For many years, the Company has had an integrated approach for internal control which is consistent with the Committee of Sponsoring Organizations of the Treadway Commission (COSO) internal control framework.



Monitoring:

The internal control process is continually monitored. Modifications are made to improve internal control activities as a result of the monitoring process.



Control Environment:

The internal organizational environment is driven by the management operating philosophy, risk appetite, integrity, and ethical values.



Information and Communication:

Relevant information is communicated in an acceptable format and timely to enable the organization to meet its objectives.



Control Activities:

Policies and procedures are implemented to ensure organizational objectives and risk-mitigation activities are effectively implemented.



Risk Assessment:

Risks are identified and the likely impact on the organization is assessed.

Within this framework, management is responsible for setting the appropriate tone from the top, performing risk assessments, and owning the design, implementation and maintenance of internal control. Other teams such as Finance, Legal, and Human Resources provide assistance and expertise to management to assist it in undertaking its responsibilities. The Board and the Audit Committee oversee the actions of management and monitor the effectiveness of the established controls, assisted by assurance provided by the external and internal auditors. Lenovo's internal control framework is designed to manage rather than eliminate the risk of failure to achieve business objectives, and as such, provides reasonable (rather than absolute) assurance against material misstatement or loss.

Management of internal control

Essential to this internal control system are well defined policies and procedures that are properly documented and communicated to employees. The corporate policies form the basis of all the Company's major guidelines and procedures and set forth the control standards required for the functioning of the Company's business entities.

Corporate governance report

Additionally, Lenovo has a strong corporate culture based on ethical business conduct. Lenovo's Code of Conduct (the "Code"), is the cornerstone of our commitment to conducting business legally, ethically, and with integrity. The Code establishes clear expectations for legal and ethical business conduct and compliance with Lenovo policies. As the Code is not intended to describe every law, policy, procedure or business process that applies to Lenovo, the Code also provides guidance on when and how to seek additional guidance or report potential concerns.

The Code is available in multiple languages on the Company's website. Training on the Code and related policies is provided to reinforce the Company's commitment to compliance and conducting business with integrity. Lenovo regards any violation of the Code as a serious matter. Failure to follow the Code, or violation of the policies described in the Code, can result in disciplinary action, including termination of employment or relationship.

Lenovo has also developed and implemented numerous policies to provide more detailed guidance to employees on compliance with rules and laws, including those related to the prevention and detection of bribery and corruption. Lenovo maintains an Anti-Bribery and Anti-Corruption Policy, a Conflicts of Interest Policy, and a Gift, Entertainment, Corporate Hospitality and Travel Policy.

Lenovo recognizes that a culture of compliance where employees feel empowered to report concerns is necessary to the success of the Company's internal control system. Lenovo provides employees with confidential and anonymous methods for raising concerns or reporting suspected misconduct, as permitted by applicable law. Lenovo is committed to maintaining the confidentiality of reports, investigating all alleged misconduct, and non-retaliation. Lenovo does not tolerate retaliation against any employee, consultant or contractor for reporting an issue or raising a concern believed to

be true, cooperating with an investigation or audit, or refusing to participate in activities that violate the Code, laws or company policies.

Another feature of Lenovo's internal control system is the execution of key control self-testing by management to reasonably assure that internal controls are working as intended and that necessary actions have been taken to address control weaknesses. Specific employees with controls knowledge and expertise have been identified within the business to further assist management with designing, executing, and monitoring controls.

This comprehensive internal control framework established by the Company covers all activities and transactions. Management performs periodic enterprise wide risk assessments and continuously monitors and reports progress of action plans to address these key risks. Management also assesses business risks when formulating corporate strategies, and tracks and reports on the implementation of strategic initiatives, business plans, budgets and financial results regularly to the Board. Additionally, as part of Lenovo's commitment to financial integrity, all relevant senior executives regularly verify the accuracy and completeness of the quarterly financial statements and confirm compliance with key internal controls.

To assist the Audit Committee in its oversight and monitoring activities, the Company maintains an independent, worldwide Internal Audit function. Internal Audit provides objective assurance to the Audit Committee that the system of internal controls is effective and operating as intended. The mission of Internal Audit is to provide the Board and Lenovo management with:

- Independent and objective assessment of Lenovo's system of internal controls;
- Guidance to Lenovo stakeholders for improving risk management;

- Proactive support to improve Lenovo's control posture; and
- Independent investigations regarding certain allegations of fraud and violations of the Code and other company policies.

To enable it to fulfill its mission, Internal Audit has unrestricted access to all corporate operations, records, data files, computer programs, property, and personnel. To preserve the independence of the Internal Audit function, the Head of Internal Audit reports directly to the Audit Committee on all audit matters and to the Chief Financial Officer on administrative matters. The Head of Internal Audit is authorized to communicate directly with the Chairman of the Board, the Chairman of the Audit Committee and other Board members as deemed necessary. To help ensure the quality of the Internal Audit function and provide assurance that the Internal Audit function is in conformity with the standards of the Institute of Internal Auditors, Internal Audit has implemented a comprehensive and continuous quality assurance and improvement program covering all Internal Audit activities. In addition, the Audit Committee periodically commissions an independent, external quality assurance review of the Internal Audit function.

In selecting the audits to perform each year, Internal Audit performs a risk assessment using information collected from process owners, the enterprise risk management team, senior executives, the external auditor and the Board along with an analysis of prior audit issues and other data. Internal Audit develops an audit plan that prioritizes areas with significant risks or deemed to be strategic in nature to the business. The audit plan is reviewed by the Audit Committee, which is also provided quarterly updates on the performance of the plan and key findings. As necessary throughout the year, the audit plan will be modified to reflect emerging risks or changes to business plans. Ad hoc reviews of areas of concern identified by management or the Audit Committee may also be performed. During the year, Internal

Audit issued multiple reports covering all significant operational and financial units worldwide. Internal Audit regularly monitors the status of management action plans resulting from audit findings to ensure completion and reports progress each quarter to the Audit Committee.

Audit Committee reporting also includes identified key control issues to provide the Audit Committee full visibility to the status of Lenovo's control environment.

Furthermore, Internal Audit is responsible for investigating certain allegations of potential violations of the Code, or any other company policies as appropriate. Internal Audit partners with Legal, Ethics and Compliance, Human Resources, and other subject matter experts where necessary to ensure the appropriate expertise when performing these investigations. Management and the Audit Committee are informed of the results of these investigations, any resulting required actions, and status updates on actions.

Inside information

Regarding procedures and internal controls for the handling and dissemination of inside information, the Company:

- (i) is aware of its obligations under the SFO and the Listing Rules and the overriding principle that inside information should be announced immediately if it is the subject to the requirements and the safe harbors as provided in SFO;
- (ii) conducts its affairs with close regard to the applicable laws and regulations prevailing in Hong Kong S.A.R. of China;
- (iii) has included in the Code a strict prohibition on the unauthorized use of non-public or inside information;

Corporate governance report

- (iv) has established a Continuous Disclosure Policy along with its guidance notes for monitoring, reporting and disseminating inside information to our shareholders, investors, analysts and media. These policy and guidance notes also identify who are the Company's authorized spokespersons and their responsibilities for communications with stakeholders; and
- (v) has communicated to all relevant staff regarding the implementation of the Continuous Disclosure Policy and the relevant trainings are also provided.

Control effectiveness

The Board, through the Audit Committee of the Company, conducts a continuous review of the effectiveness of the internal control system operating in the Company and considers it to be adequate and effective. The review covers all material controls, including financial, operational, information technology, and compliance controls, and risk management functions. The Board is not aware of any significant areas of concern which may affect the shareholders. The Board is satisfied that the Company has fully complied with the code provisions on internal controls as set forth in the CG Code.

Enterprise Risk Management

Lenovo's ERM framework is effected by Lenovo's Board of Directors and management team, and is applied in strategy setting and across all major functions of the Company. It involves:-

- The ERM team, who is responsible to design, implement, review, and update Lenovo ERM framework.
- All Lenovo major functions, where risk ownership is established via the appointment of ERM Champions in each function.

Lenovo recognizes that risk management is the responsibility of everyone within Lenovo, and that risk is best managed when business functions take responsibility and are accountable for risks. Rather than being a separate and standalone process, risk management is therefore incorporated as part of Lenovo annual strategic planning process across all major functions of the Company. During strategy planning, all business functions are required to identify material risks that may impact their strategy objectives. They also identify, assess and evaluate operational risks. Many aspects of risks are considered.



Industry Trend



Competition



Financial



External Regulations



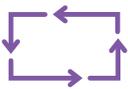
Geopolitical



Reputation



Supply Chain



Business Continuity



Safety & Health



Social Responsibility

Plans to mitigate the identified risks are, at the same time, developed for implementation, to continuously deliver sustainable value.

With this practical and effective framework, risk management features are integrated into each function. Critical and major risks of the business functions, especially in view of the changing business environment, are identified and assessed based on a risk assessment matrix that helps to rank the risks and prioritize risk management effort to determine the appropriate risk mitigation plans.

Risk Rating Matrix

| | | | | | | |
|-------------------|---|----------|--------|----------|----------|----------------|
| IMPACT | 4 | Extreme | H | H | VH | VH |
| | 3 | High | M | M | H | H |
| | 2 | Moderate | L | L | M | M |
| | 1 | Low | L | L | L | L |
| | | | Remote | Unlikely | Possible | Almost Certain |
| | | 1 | 2 | 3 | 4 | |
| LIKELIHOOD | | | | | | |

Risk Rating

| | | | |
|----------------|----------|--------------|---------|
| VH - Very High | H - High | M - Moderate | L - Low |
|----------------|----------|--------------|---------|

The risks are monitored and reviewed by each business function as well as at the group level. And at least annually, the ERM team coordinates the risk identification and assessment process and the identified risks are highlighted to the Audit Committee, along with the status of actions taken to manage these risks.



Details of some of these risks may be found under “Material Risks of the Group” on page 23. This framework will continue to be strengthened to create a robust and holistic risk management culture to safeguard the value of the Company.

At the enterprise level, Lenovo’s risk tolerance is also reviewed periodically, and changes are approved by the Audit Committee. The ERM team engages actuarial studies to quantify risks, and the Company’s risk tolerance is adjusted when appropriate. The risk tolerance represents the amount of risk the Company is willing to undertake in the pursuit of its strategic and business objectives. Where necessary, ERM employs risk transfer strategies through insurance management. ERM also initiates risk management projects to improve risk awareness.

Corporate governance report

External Auditor

Independence of external auditor

The Group's external auditor is PricewaterhouseCoopers ("PwC"), who is remunerated mainly for its audit services provided to the Group. The Company has adopted a policy on engagement of the external auditor for non-audit services, under which the external auditor is required to comply with the independence requirements under the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants. The external auditor may provide certain non-audit services to the Group given that these do not involve any management or decision making functions for and on behalf of the

Group; do not perform any self-assessments; and do not act in an advocacy role for the Group. The engagement of the external auditor for permitted and approved non-audit services shall be approved by the Audit Committee if the value of such non-audit services is equal to or above US\$320,000.

During the year, PwC provided audit and non-audit services to the Group.

Remuneration of external auditor

The fees paid or payable to PwC for audit and non-audit services for the financial year ended March 31, 2021 and the comparative figures for the financial year ended March 31, 2020 are as follows:

| Nature of services | 2021 US\$ million | 2020 US\$ million |
|---------------------------|------------------------------|------------------------------|
| Audit services | 11.1 | 8.6 |
| Non-audit services | | |
| – Tax | 0.4 | 0.5 |
| – IT | 0.6 | 1.4 |
| – Advisory | 0.1 | - |
| – Other services | 3.0 | 0.7 |
| Total | 15.2 | 11.2 |

INVESTOR RELATIONS

Lenovo is devoted to developing effective two-way communications with shareholders, investors, and equity analysts to enhance the transparency of the Company. The Investor Relations (IR) team is committed to maintaining interactive communications with the capital market to facilitate better understanding by the investment community of Lenovo's intelligent transformation strategy, business operations, and latest developments. The team also proactively responds to major issues of concern to the capital market to offer all necessary information in a timely and accurate manner.

Communication with Investors

During the fiscal year 2020/21, the Company continued to facilitate effective communications with its shareholders, investors, and analysts through multiple channels including investor conferences, non-deal roadshows, one-on-one and group meetings, teleconferences, company visits, an Investor Relations website, social media, IR newsletters, and IR alerts.

BlackRock Corporate CEO Virtual Roundtable

June 12, 2020 | Virtual

Mr. Yang Yuanqing, the Company's Chairman and CEO, along with several other CEOs from renowned listed companies, took part in the world's largest and most prestigious asset manager's event and exchanged valuable thoughts.



Lenovo Tech World

October 28-29, 2020 | Virtual

Lenovo's annual global innovation event, Tech World, moved online for the first time in October 2020, allowing a much wider global audience to gain access to content. As a result of the new online format, the event enjoyed its biggest and broadest lineup of keynote speakers, innovation theme breakouts, in-depth thought leadership sessions, and product demonstrations since the inaugural event in 2015.

A headline keynote speech on the technology sector and the future vision for Lenovo's business by Chairman Yang, as well as 140+ breakout sessions offered a deeper understanding of future technologies across the full spectrum of Lenovo's business.

The Lenovo Investor Relations team invited global investors and equity analysts to join virtually. To echo this event, the IR team also hosted a virtual Expert Access conference, featuring Mr. Kirk Skaugen, President of the Data Centre Group, to provide a significant market opportunity with regard to Lenovo's unique position for data infrastructure, which spans the entire edge-to-cloud space.

Corporate governance report



Lenovo Investor Day

March 30, 2021 | Beijing and virtual

The Lenovo Investor Day returned this year and brought our investors and analysts to Beijing. A tour to the Future Centre offered a chance for the investment community to experience the latest Lenovo technology. The tour was also on a live broadcast for those who could not be present in Beijing due to COVID-19 travel restrictions.

After the tour, the audience was invited to join a management breakout session hosted by Mr. Tong Fuyao, Senior Vice President of the Lenovo Group and President of the Lenovo Enterprise Technology Group, and Mr. Dai Wei, Vice President of the Lenovo Group and General Manager for China. The two gentlemen guided investors through the development of the data centre business against the backdrop of New Infrastructure in China and provided insights and interesting case examples of our services business in the region.

Other Quarterly IR Activities

Results Announcements

The senior management team presented the annual and quarterly earnings results through webcasts, conference calls, social media, and face-to-face meetings to communicate with international and domestic shareholders, investors, and analysts. The various communications enhanced the understanding of the capital market with regard to the business strategy, development tactics, and the competitive edge of the Company.

Expert Access Call Series

The IR team introduced the new Expert Access series this year to provide the investment community with more insights into the technology sector and the latest developments. Each quarter, the IR team will design a specific topic based on investors' appetites and invite experts in different business groups, to give a talk. Topics covered in the FY20/21 included our development in software and services, our market outlook and unique position in the data centre business, and our promising growth potential in the mainland China market.

Post-results Non-deal Roadshows and Key Investor Meetings

Every quarter, the IR Team joins Non-Deal Roadshows (NDR) to meet with current and potential investors. In FY20/21, all overseas NDRs moved online and we reached out to investors in Europe, North America, and Asia. The team also arranged two physical NDRs in December 2020 and March 2021 in Shanghai and Beijing, respectively, to reach out to more investors from mainland China.

The IR team also conducted one-on-one meetings with key investors and continued our efforts to build effective communication channels with the investment community.

IR Webpage and News Alerts

In this fiscal year, the IR team continued to use its webpage and news alerts to inform its buy-sell investors and analysts when there were new developments.

Social Media

Lenovo is devoted to leveraging various social media platforms to blast out updates on results announcements and key company events, with the aim of enjoying multi-point engagement via social media with the Company's stakeholders. The team also proactively pushed out updates and key event news wrap-ups on, for example, Lenovo Tech World, CES, MWC, and results announcements, to provide one-stop snapshots to investors.

Followers and mentions of the Company's social media platforms continued to increase throughout the fiscal year.

Please follow Lenovo at:



Corporate governance report

Investor Conferences

To maintain active communications with institutional investors around the world, the senior management team participated in the following investor conferences held by major international investment banks.

Investor Conferences Attended FY2020/21

| Date | Conference | Location |
|-------------------|--|-----------------|
| June 2, 2020 | Merrill Lynch 2020 Global Technology Virtual conference | Virtual |
| June 3, 2020 | CGS-CIMB 7th Annual HK (China) Smartphone & 5G Virtual Corporate Day | Virtual |
| June 9, 2020 | Merrill Lynch 2020 Innovative China Virtual Conference | Virtual |
| July 8, 2020 | Daiwa HK (China) Investment Seminar | Virtual |
| August 19, 2020 | GF Securities Technology Corporate Day | Virtual |
| September 1, 2020 | Morgan Stanley Virtual Asia TMT Conference | Virtual |
| September 7, 2020 | 21st Credit Suisse Asian Technology Conference | Virtual |
| September 7, 2020 | JPMorgan Asia Pacific CEO-CFO Conference | Virtual |
| September 9, 2020 | 27th Annual CITIC CLSA Flagship Investors' Forum | Virtual |
| November 4, 2020 | Goldman Sachs China Conference | Virtual |
| November 5, 2020 | Citi China Investor Conference 2020 | Virtual |
| November 16, 2020 | JP Morgan 2020 Global TMT Conference in Asia | Virtual |
| November 18, 2020 | Morgan Stanley Virtual Asia Pacific Summit | Virtual |
| November 18, 2020 | President Securities 2021 Investment Forum | Virtual |
| November 30, 2020 | Daiwa Investment Conference 2020 | Virtual |
| March 15, 2021 | Merrill Lynch 2021 APAC TMT Conference | Virtual |
| March 16, 2021 | China Everbright Virtual Strategy Conference | Virtual |
| March 22, 2021 | 24th Credit Suisse Asian Investment Conference | Virtual |

Market Recognition

Lenovo has made unceasing efforts to enhance investor relations and the Company has been well-recognized by the investment community. The Company received the awards listed below during the year from various organizers in recognition of its efforts to complement its IR programs:

- **IR Magazine Greater China Awards 2020**

- Best crisis management
- Best use of multimedia for IR



- **2020 ARC awards**

- Grand Award: Best of Category: PHOTOGRAPHY
- Gold: Photography: IT Services & Solutions
- Gold: Infographics: IT Services & Solutions
- Gold: Photography: Technologies/Engineering



- **HKMA Best Annual Reports Awards 2020**

- Excellence Award for H Shares and Red Chip Entries



- **HKIRA 6th Investor Relations Awards**

- Certificate of Excellence



Corporate governance report

- **ESG Leading Enterprises 2020 Awards**
 - ESG Leading Enterprises Award – market cap over HK\$20 billion
 - Leading Environmental Initiative Award
 - Leading Social Initiative Award
- **5th Golden Hong Kong Stock Awards**
 - Grand Award
 - Best CEO award



- **New Fortune Best IR Hong Kong Listed Company**
- **Quam IR Awards 2019 – Sustainable Development Category**



- **HKICPA Best Corporate Governance Awards 2020 – Gold Award**
- **CHKLC Award of Excellence in Corporate Governance**



- **BDO ESG Awards**
 - ESG Report of The Year (Technology) Awards
 - Best in Reporting Awards (Main Board – Large Market Capitalisation)
 - Best in ESG Awards (Main board – Large Market Capitalisation)



Index Recognition

Lenovo has always been well recognized by the capital market and the Company is currently a constituent stock of the following indexes:

- BBG HKSE all
- BI China High Yield Issuers Top Peers
- BI Global Computer Hardware & Storage Competitive Peers
- BI Global Computer Hardware Valuation Peers
- BI Global Mobile Handset Manufacturers Competitive Peers
- BI Global Personal Computing Competitive Peers
- Bloomberg Asia Pacific Technology Index
- Bloomberg Asia Pacific-World Index
- Bloomberg ESG Data Index
- Bloomberg ESG Score Universe
- Bloomberg World Computer Index
- Bloomberg World Index
- Bloomberg World Technology Index
- BlueStar Asia Technology Index Net Total Return
- BOCI China International Index
- CES SCHK100
- CES SHSC300
- Corporate Knights Global 100
- CSI Cross-Straits 500 Index
- CSI HK Dividend Index
- CSI Hong Kong 100 Index
- CSI Hong Kong State owned Mainland Enterprises Index
- CSI RAFI Hong Kong 50 Index
- Democracy Investments International Index
- EDE15BL
- EDE15BV
- EM (EMERGING MARKETS) HIGH DIVIDEND YIELD Index
- FactSet China Global Leaders Index (NTR)
- Fidelity Global ex. U.S. Index PR
- FTSE All World ex Greece Index USD
- FTSE All-World ex North America Index USD
- FTSE Asia ex Japan ESG Price Return Index
- FTSE Asia Pacific ex Japan Australia and New Zealand Net Index AUD
- FTSE Custom Composite UK All-Share 50% Net Tax Index
- FTSE Custom Composite UK All-Share 60% Dev Europe ex UK Net Tax
- FTSE Developed Asia Pacific All Cap Net Tax (US RIC) Index
- FTSE Developed Blended (022 & 045) PGGM Customized For NE NI CO2 Optimised PGGM
- FTSE Developed ex North America High Dividend Yield Net Tax Index
- FTSE Developed ex US All Cap Net Tax (US RIC) Index
- FTSE Developed Large Cap Total Return Index
- Hang Seng China (Hong Kong-listed) 100 Index
- Hang Seng China High Dividend Yield Index
- Hang Seng Composite Index
- Hang Seng Composite Information Technology Index
- Hang Seng Composite Large Cap Index
- Hang Seng Corporate Sustainability Index
- Hang Seng TECH Index
- Invesco China All-Cap ETF INAV Index
- Invesco MSCI Emerging Markets Equal Country Weight ETF INAV Index
- iSTOXX Northern Trust Emerging Markets High Dividend Climate ESG Net Return USD
- iSTOXX Northern Trust Emerging Markets Low Volatility Climate ESG Net Return USD
- John Hancock Dimensional Emerging Markets Index
- MSCI AC Asia ex Japan 10/40 Index
- MSCI AC AsiaPacific ESG Leaders Index STRD USD EOD
- MSCI ACWI ex Australia Preliminary USD Net Total Return Index
- MSCI EM IMI (VRS Taxes) Net Return USD Index
- MSCI Emerging Markets Choice ESG Screened 5% Issuer Capped Index
- MSCI Emerging Markets ex India Net Return USD Index
- MSCI EMERGING MARKETS IMI ex TOBACCO AUD STRD
- MSCI IR and SD ACWI ex US (NJD) USD Price Return Index
- MSCI OFI Revenue Weighted Global ESG RT Price Return USD Index
- NASDAQ AlphaDEX® China Net Total Return Index
- NYSE FactSet Global Robotics and Artificial Intelligence Index
- S&P Asia Pacific Emerging BMI (US Dollar)
- S&P China 500 USD Index
- S&P China BMI (US Dollar)
- S&P Emerging BMI (US Dollar)
- S&P Emerging LargeMidCap (US Dollar)
- S&P Emerging Plus LargeMidCap (US Dollar)
- S&P Global BMI (US Dollar)
- S&P Global BMI Information Technology USD PR
- S&P Global Dvd Aristo Index
- S&P Global Ex-Japan LargeMidCap (Japanese Yen)
- S&P Global Ex-U.S. BMI (US Dollar)
- S&P Global Large Cap Index
- S&P Global LargeMidCap (US Dollar)
- S&P Pan Asia BMI (US Dollar)
- S&P/IFCI China (USD)
- SG Global Value Beta Index Price Return EUR
- SG Global Value Beta Net Total Return Index EUR
- Solactive ISS ESG Global Low Carbon Custom Index NTR
- Solactive L&G Emerging Markets Future Core ESG (ex Fossil-Fuel) Index NTR
- STOXX Asia 1200 Price Index
- STOXX Emerging Markets 1500 Index
- STOXX Global 3000 Price Index
- STOXX Global Total Market Price Index
- Vanguard ESG International Stock ETF INAV Index
- Vanguard FTSE Pacific ETF INAV
- Vanguard Total International Stock Index Fund ETF IOPV
- Vident Core International Equity Index
- WisdomTree Emerging Markets Dividend Index
- WisdomTree Emerging Markets Equity Income UCITS Index
- WisdomTree Emerging Markets High Dividend Index
- WisdomTree Global Equity Income Fund IOPV
- WisdomTree Global High Dividend Index
- WisdomTree International Equity Index
- WT Global Dividend

Corporate governance report

SHAREHOLDERS

Communications with Shareholders

The Company is committed to safeguard shareholders' interests and believes that effective communication with shareholders and other stakeholders is essential for enhancing investor relations and investor understanding of the business performance and strategies of the Group. To achieve

this, the Company has established the shareholders communication policy (the "Shareholders Communication Policy") setting out various formal channels of communication with shareholders and other stakeholders for ensuring fair disclosure and comprehensive and transparent reporting of the Company's performance and activities. The Nomination and Governance Committee of the Company reviews the Shareholders Communication Policy on a regular basis to ensure its effectiveness.

COMMUNICATION CHANNELS WITH SHAREHOLDERS AND OTHER STAKEHOLDERS



Constructive use of the general meetings

The annual general meeting and other general meetings of the Company are the primary forum for communication by the Company with its shareholders and for shareholders' participation. The Board encourages shareholders to participate in general meetings as it provides a valuable opportunity to discuss the Company, its corporate governance and other important matters. Notice of the annual general meeting and related papers are sent to shareholders at least 20 clear business days prior to the date of the annual general meeting and

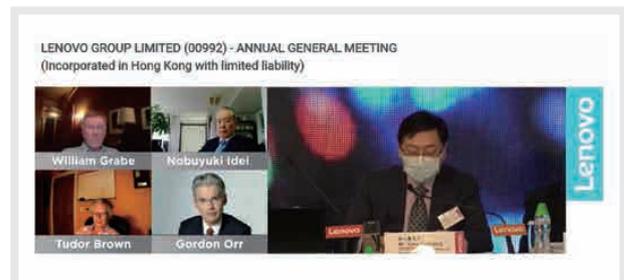
at least 10 clear business days prior to the date of other general meeting respectively. The information sent to shareholders includes a summary of the business to be covered at the general meeting, where a separate resolution is prepared for each substantive matter.

The Company arranges a question and answer session in general meeting for shareholders and media to communicate directly with Chairman and senior management.

2020 Annual General Meeting

Under the impact of the COVID-19 outbreak, the annual general meeting of the Company held on July 9, 2020 (the “2020 Annual General Meeting”) was held in a way of hybrid meeting, shareholders could attend in person or join via online. The 2020 Annual General Meeting was attended by, among others, the

Chairman and CEO, Chief Financial Officer, chairmen of the Audit Committee, Compensation Committee and Nomination and Governance Committee, the Lead Independent Director and representatives of the external auditor PwC to answer questions raised by shareholders at the meeting.



Corporate governance report

Separate resolutions were proposed on each issue, including the re-election of individual retiring directors. The matters resolved and the percentages of votes cast in favour of the resolutions are summarised below:

| Matters Being Voted Upon | Percentage of Affirmative Votes |
|---|---|
| Received and considered the audited consolidated financial statements and the reports of the directors and the independent auditor for the year ended March 31, 2020 | 100% |
| Declaration of a final dividend for the issued shares of the Company for the year ended March 31, 2020 | 100% |
| Re-election of retiring directors, approval of not filling up vacated office resulting from the retirement of a director and authorization of the Board to fix directors' fees | 89.34% to 99.99% with respect to each individual resolution |
| Re-appointment of PricewaterhouseCoopers as auditor and authorization of the Board to fix auditor's remuneration | 98.93% |
| Approval of granting the general mandate to the directors to allot, issue and deal with additional shares not exceeding 20% of the aggregate number of shares in issue of the Company | 67.86% |
| Approval of granting the general mandate to the directors to buy back shares not exceeding 10% of the aggregate number of shares in issue of the Company | 99.86% |
| Approval of extending the general mandate to the directors to issue new shares by adding the number of shares bought back | 68.04% |

General Meeting

During the year, the Company convened and held a general meeting in a way of hybrid meeting on February 4, 2021 (the “2021 February General Meeting”) under the impact of the COVID-19 outbreak, to consider and approve the proposed issuance and admission of Chinese Depository Receipts (“CDRs”) and related matters and the proposed amendments of the Articles of Association

of the Company, and authorization to the Board and its authorized person(s) dealing with matters in relation thereto, which meeting was attended by the Chairman and CEO, Chief Financial Officer, Chief Legal Officer, the Lead Independent Director and Chairmen (or his delegate) of the Audit Committee, Compensation Committee and Nomination and Governance Committee and representatives of the external auditor PwC.



Corporate governance report

Separate resolutions were proposed on each issue, including the re-election of individual retiring directors. The matters resolved and the percentages of votes cast in favour of the resolutions are summarised below:

| Matters Being Voted Upon | Percentage of Affirmative Votes |
|--|---------------------------------|
| Ordinary Resolution – Considered and approved the Proposed Issuance and Admission of CDRs and the Specific Mandate | 99.30% |
| Ordinary Resolution – Considered and approved the authorization to the Board and its authorized person(s) to deal with matters relating to the Proposed Issuance and Admission of CDRs | 99.39% |
| Ordinary Resolution – Considered and approved the plan for distribution of profits accumulated and undistributed before the Proposed Issuance and Admission of CDRs* | 99.41% |
| Ordinary Resolution – Considered and approved the price stabilisation plan of CDRs for three years after the Proposed Issuance and Admission of CDRs* | 99.40% |
| Ordinary Resolution – Considered and approved the dividend return plan for shareholders for three years after the Proposed Issuance and Admission of CDRs* | 99.50% |
| Ordinary Resolution – Considered and approved the use of proceeds from the Proposed Issuance and Admission of CDRs* | 99.48% |
| Ordinary Resolution – Considered and approved the risk alert regarding dilution of immediate return by the public offering of CDRs and relevant recovery measures* | 99.39% |
| Ordinary Resolution – Considered and approved the binding measures on non-performance of relevant undertakings in connection with the Proposed Issuance and Admission of CDRs* | 99.39% |
| Ordinary Resolution – Considered and approved the adoption of rules of procedure of general meetings* | 99.53% |
| Ordinary Resolution – Considered and approved the adoption of rules of procedure of board meetings* | 99.53% |
| Special Resolution – Considered and approved the amendments to the Articles of Association and the adoption of the amended and restated articles of association of the Company* | 99.39% |

* Note: These resolutions will take effect upon the listing of the CDRs on the STAR Market.

All of the resolutions proposed at the 2020 Annual General Meeting and the 2021 February General Meeting were decided by way of poll voting. Procedures for conducting the poll were explained by the Chairman at the commencement of the meeting. The poll was conducted by Tricor Abacus Limited, the Company's share registrar, as scrutineer and the details of poll voting results were posted on the Company's website (<https://investor.lenovo.com/en/publications/news.php>) and HKEx's website (www.hkexnews.hk) on July 9, 2020 and February 4, 2021 respectively.

2021 Annual General Meeting

To encourage shareholders' participation at the Company's 2021 annual general meeting under the impact on COVID-19 outbreak, shareholders will be provided with the option of attending or joining the annual general meeting online. Same as attending the meeting in person, the registered shareholders who join the meeting online will have the right to vote and submit questions online. Details of the proposed resolutions for the 2021 annual general meeting and arrangements of the hybrid meeting are set out in the circular which will be dispatched to the Company's shareholders with this annual report.

Shareholders' Rights

Procedures for convening a general meeting

Shareholder(s) representing at least 5% of the total voting rights of the Company of all the shareholders having a right to vote at general meetings may, in accordance with the requirements and procedures set out in the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the "Companies Ordinance"), request the Board to convene a general meeting by requisition, by stating the general nature of the business to be dealt at a general meeting and depositing the signed requisition at the registered office of the Company for the attention of the Company Secretary in hard copy form.

Procedures for putting forward proposals at an annual general meeting

(a) Shareholder(s) representing at least 2.5% of the total voting rights of all the shareholders of the Company having a right to vote on the resolution at the annual general meeting; or (b) at least 50 shareholders having a right to vote on the resolution at the annual general meeting may, in accordance with the requirements and procedures set out in the Companies Ordinance, requisition for the circulation of resolutions to be moved at annual general meetings and circulation of statements of not more than 1,000 words with respect to the matter referred to in the proposed resolution. Such written request must (i) state the resolution and be signed by all

the requisitionists in one or more documents in like form; and (ii) be deposited in hard copy form at the registered office of the Company for the attention of the Company Secretary not less than six weeks before the annual general meeting; or if later, the time at which notice is given of that annual general meeting.

The detailed procedures for shareholders to convene and put forward proposals at an annual general meeting or general meeting, including proposing a person other than a retiring director for election as a director are set out in the Corporate Governance section of the Company's website. Shareholders may send their enquiries requiring the Board's attention to the Company at the registered address of the Company.

Constitutional documents

Rights of the shareholders are also provided under the Articles of Association. During the year under review, there are no changes in the Articles of Association. An up to date consolidated version of the Articles of Association is available on the Company's website and the HKEx's website.

Dividend Policy

The Company adopts a dividend policy of providing shareholders with sustainable dividends on a semi-annual basis. The level of dividends shall be determined in line with the growth in the Company's consolidated profits attributable to shareholders of the relevant financial period (after adjustments for restructuring or other one-off non-cash items, if any) after considering the factors including the Company's operations, business plans and strategies, cash flows, financial conditions, operating and capital requirements and other contractual or regulatory restrictions. Whilst the Company does not intend to set any pre-determined dividend distribution ratio in order to allow for financial flexibility, the Company endeavors to strike a proper balance between shareholders' interests and prudent capital management.

Corporate governance report

Shareholding Structure

Shareholding Structure as of March 31, 2021

According to the register of members of the Company as of March 31, 2021, there were 759 registered shareholders of whom 98.16% had their registered addresses in Hong Kong S.A.R. of China and the remaining in Mainland China, United Kingdom, Canada and Macau. Based on the best available data from external research company, the shareholders comprised institutions, private investors and related parties including substantial shareholders, directors and employees of the Company.

(i) Details of shareholders by category as of March 31, 2021 are as follows:

| Type | Number of shares held | Percentage of the total number of shares in issue |
|--|-----------------------|---|
| Institutions | 4,140,317,274 | 34.38% |
| Private Investors | 749,784,733 | 6.23% |
| Related Parties | 5,247,414,870 | 43.58% |
| Others including brokers, custodians and nominees etc. | 1,904,188,737 | 15.81% |
| Total | 12,041,705,614 | 100.00% |

(ii) Details of institutional shareholders by domicile as of March 31, 2021 are as follows:

| Domicile | Number of institutional Shareholders | Percentage of total number of institutional Shareholders | Number of shares held | Percentage of the total number of shares in issue |
|---|--------------------------------------|--|-----------------------|---|
| Hong Kong S.A.R. of China | 40 | 11.02% | 371,123,928 | 3.08% |
| United Kingdom and Ireland | 48 | 13.22% | 537,439,438 | 4.46% |
| Europe (excluding United Kingdom and Ireland) | 73 | 20.11% | 490,381,819 | 4.07% |
| America | 127 | 34.99% | 2,134,898,929 | 17.73% |
| Asia (excluding Hong Kong S.A.R. of China) | 55 | 15.15% | 575,210,879 | 4.78% |
| Rest of World | 20 | 5.51% | 31,262,281 | 0.26% |
| Subtotal of institutional shareholders | 363 | 100.00% | 4,140,317,274 | 34.38% |

Remarks:

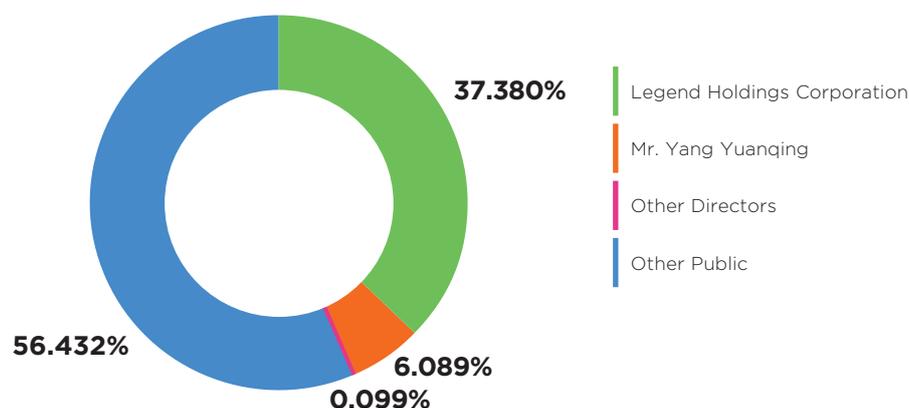
(i) A board lot size comprises 2,000 Shares.

(ii) According to the addresses registered/shown on the register of members of the Company.

(iii) 73.34% of all the issued Shares were held through HKSCC Nominees Limited.

Shareholding structure according to the interest disclosed under the Securities and Futures Ordinance as of March 31, 2021

Shareholding Structure as of March 31, 2021



Remarks:

- (i) The approximate percentage of shareholding is calculated based on the aggregate long positions held in the total number of shares in issue of the Company (other than the positions held in or pursuant to equity derivatives) by the relevant holder or group of holders as recorded in the registers maintained under the SFO.
- (ii) The approximate percentage of shareholding is calculated on the basis of 12,041,705,614 Shares of the Company in issue as of March 31, 2021.

KEY SHAREHOLDERS INFORMATION

Listing Information

Lenovo Group Limited's shares are listed on the Stock of Exchange of Hong Kong. In addition, shares are traded in the United States through an American Depositary Receipt (ADR) Level 1 Programme.

Market Capitalization and Public Float

As at March 31, 2021, the market capitalization of listed shares of the Company was approximately HK\$133.18 billion, based on the total number of 12,041,705,614 issued Shares of the Company and the closing price of HK\$11.06 per share.

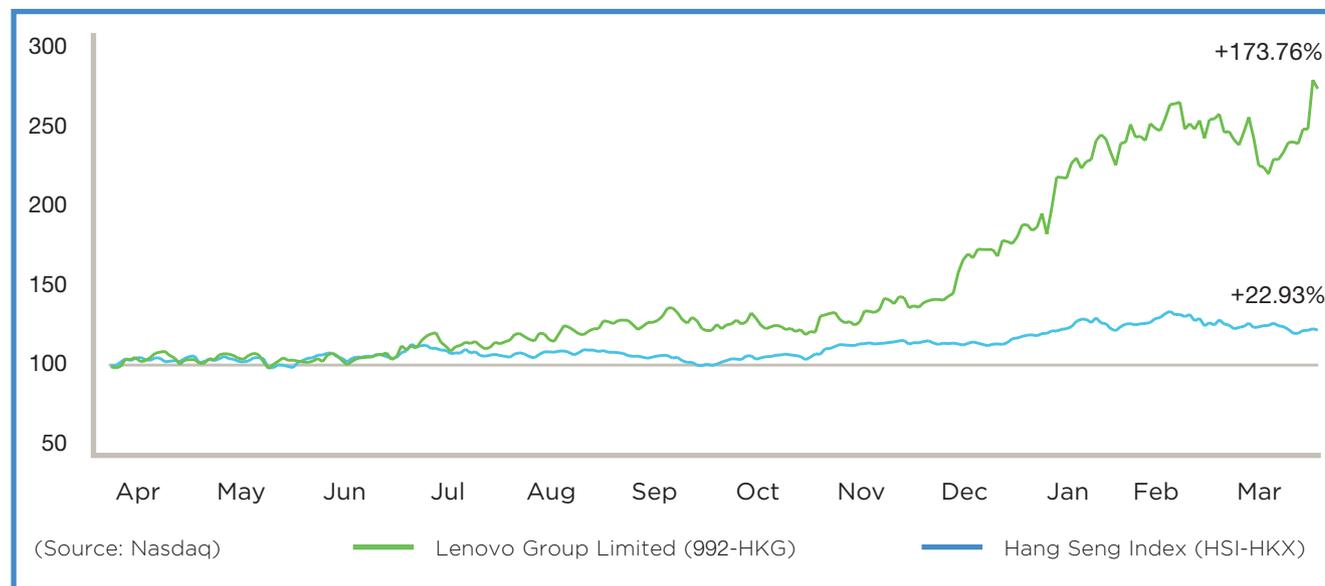
The daily average number of traded Shares was approximately 61.60 million Shares over an approximate free float of 6,795 million Shares in the fiscal year 2020/21. The highest closing price for the share was HK\$11.28 per share on March 30, 2021 and the lowest was HK\$4.00 per share on May 22, 2020.

| Ordinary Shares (as at March 31, 2021) | |
|--|--|
| Listing | Hong Kong Stock Exchange |
| Stock code | 992 |
| Board lot size | 2,000 shares |
| Ordinary shares outstanding as of March 31, 2021 | 12,041,705,614 shares |
| Free float | approximately 6,795 million shares |
| Market capitalization as of March 31, 2021 | HK\$133.18 billion (approximately US\$17.14 billion) |

Corporate governance report

Lenovo's share price from April 1, 2020 to March 31, 2021

During the fiscal year, Lenovo's share price outperformed HSI by over 150 percentage point.



American Depositary Receipts Level I Program

| | |
|-----------------------|------|
| Ordinary share to ADR | 20:1 |
|-----------------------|------|

| | |
|------------|-------|
| Stock code | LNVGY |
|------------|-------|

Basic Earnings per Share

| | |
|--|--------------|
| Basic earnings per share for the year ended March 31, 2021 | US9.54 cents |
|--|--------------|

Dividend per Share

| | |
|---|--|
| Dividend per ordinary share for the year ended March 31, 2021 | |
|---|--|

| | |
|-----------|-------------|
| - Interim | HK6.6 cents |
|-----------|-------------|

| | |
|----------------------|--------------|
| - Final ¹ | HK24.0 cents |
|----------------------|--------------|

Financial Calendar 2020/21 (Hong Kong Time)

| | |
|------------------------------------|-----------------|
| First Quarter Results Announcement | August 13, 2020 |
|------------------------------------|-----------------|

| | |
|------------------------------|------------------|
| Interim Results Announcement | November 3, 2020 |
|------------------------------|------------------|

| | |
|------------------------------------|------------------|
| Third Quarter Results Announcement | February 3, 2021 |
|------------------------------------|------------------|

| | |
|-----------------------------|--------------|
| Annual Results Announcement | May 27, 2021 |
|-----------------------------|--------------|

| | |
|-----------------|------------------|
| General Meeting | February 4, 2021 |
|-----------------|------------------|

| | |
|------------------------|---------------|
| Annual General Meeting | July 20, 2021 |
|------------------------|---------------|

The investor relations team values and is eager to hear suggestions and comments from shareholders and investors. For enquiries from institutional investors and equity analysts, please contact ir@lenovo.com.

Note:

¹ Subject to shareholders' approval at the forthcoming annual general meeting.