

Smarter technology for all

ESG Update

June 2024

Lenovo

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Today's Presenters

Treasury and Investor Relations



Hugh Wu
Vice President & Treasurer



Jenny Lai
Vice President, Investor Relations



Ser Mein Koh
Executive Director, Treasury

ESG and Company Secretary



Laura Quatela
Senior Vice President, Chief Legal &
Corporate Responsibility Officer



Mary Jacques
Executive Director, Global ESG
and Regulatory Compliance



Calvin Crosslin
Vice President, Chief Diversity Officer and
President of Lenovo Foundation



Tracy Lam
Company Secretary and
Deputy General Counsel



Dustin Deal
Director,
Global Supply Chain Sustainability

Lenovo at a Glance

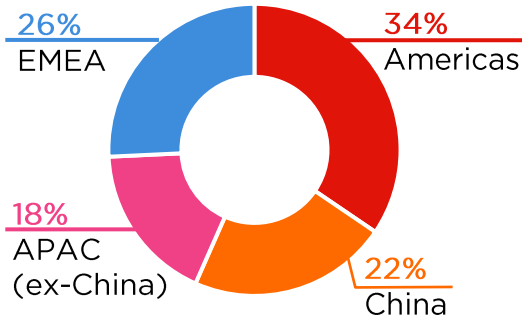
Global technology powerhouse serving millions of customers every day in 180+ markets



Overview of Lenovo's Businesses

Group mission: To lead and enable intelligent transformation

FY2023/24 Revenue by Geography



FY2023/24 PC / Non-PC Revenue Mix



SSG Solutions & Services Group	ISG Infrastructure Solutions Group	IDG Intelligent Devices Group
<p>New growth engine with high profitability</p> <ul style="list-style-type: none"> Record sustainability revenue with double-digit growth for FY2023/24 Record Q4 sales and the 12th consecutive quarter of double-digit revenue growth and profit margin 54% of full year revenue from non-hardware-tied business¹ 	<p>Continue to drive hypergrowth and improving profitability</p> <ul style="list-style-type: none"> #1 in Top 500 HPC and Green 500 HPC (Water Cooling Technology)² #3 storage revenue for overall market³ 48% storage, services & software revenue YTY growth in FY2023/24 	<p>Maintain #1 in PC with leading profitability and accelerating non-PC growth</p> <ul style="list-style-type: none"> #1 in global PC with 23.0% market share FY2023/24⁴ Premium PC mix +4.6pts YTY to 22.6% in 4FQ Record Premium SP mix +6pts YTY to 17% in 4FQ
Spearheading digital transformation, hero offerings incl. digital workplace, hybrid cloud & sustainability solutions	Provide hybrid AI infrastructure, empowering customer's intelligent transformation	Offer smart end user devices incl. PC and smartphones to enable more seamless experiences

1. Non-hardware-tied business: Managed services and project & solution services.

2. World's #1 supercomputer & energy efficient supercomputer provider according to TOP500.org..

3. IDC Quarterly Enterprise Storage Systems Tracker, 2023 Q4, External Storage..

4. Market share for FY2023/24, IDC as of March 2024.

Lenovo's ESG Material Topics


Environmental




- Climate change
- Energy management
- Product end-of-life management
- Product energy efficiency and carbon footprint
- Product materials
- Product packaging
- Product reparability
- Supply chain management - environmental
- Transportation and distribution
- Waste management
- Water management




Social




- Community engagement
- Ethical Artificial Intelligence (AI)¹
- Human rights
- Health and safety
- Diversity and inclusion
- Labor practices
- Philanthropy



Governance



- Cyber security and data privacy
- Ethics and integrity
- Innovation
- Product quality and safety
- Regulatory compliance
- Reporting and disclosures
- Stakeholder engagement



1. This topic was initially identified as a social matter during the Company's materiality assessment, but as the importance of AI has grown, the impacts are being managed through the Company's governance practices. As a result, this topic is discussed in the Governance section.

Key ESG Update

 <p>Environmental</p>	<p>Leadership</p> <p>band for CDP Climate Change for 5th consecutive year¹</p>	<p>Best Green Energy Product of the Year</p> <p>for Neptune liquid-cooling technology by CRN Sustainability Tech Award²</p>	<p>1 year of progress</p> <p>towards net-zero target validated by SBTi³</p>
 <p>Social</p>	<p>UNESCO Global Education Coalition</p> <p>and Digital Transformation Collaborative member⁴</p>	<p>3 years</p> <p>of partnership with Wine to Water⁵</p>	<p>20% increase</p> <p>in events celebrating International Women's Day⁶</p>
 <p>Governance</p>	<p>Leadership</p> <p>band for CDP Supplier Engagement for 4th consecutive year⁷</p>	<p>Top 3%</p> <p>with Gold rating from EcoVadis for 2023⁸</p>	<p>Ethical AI statement</p> <p>from UNESCO was endorsed by Lenovo⁹</p>

1. Lenovo received an A- from CDP for climate change for 2023. This leadership ranking recognizes Lenovo for its efforts in implementing current best practices against climate change.
2. Lenovo has been awarded "Best Value Chain Initiative", "Best Green Product", and received a recognition of "highly commended" for "Circular Economy Company of the Year" in CRN's first-ever Sustainability in Tech Summit.
3. On January 19, 2023, Lenovo announced its commitment to reach net-zero emissions by 2050, in alignment to the Science Based Targets initiative's Net-Zero Standard. One year later, Lenovo is on-track to meet its near-term 2030 emissions reduction goals, the first milestone in the journey to net-zero.
4. Lenovo became a member of the Global Education Coalition and the Digital Transformation Collaborative, a tech-focused subgroup working to mobilize resources at a national scale to leverage digital transformation in education.
5. Wine To Water (WTW) is a global non-profit preserving life and dignity through the power of clean water. Through a multiyear partnership Lenovo provides support and technology for use in the field.
6. Lenovo's 2024 International Women's Day celebrations included over 37 events around the world planned by the women in Lenovo employee resource groups.
7. Lenovo received an A from CDP for supplier engagement and was included in their Supplier Engagement Leaderboard for 2023. This leadership ranking recognizes work engaging suppliers to tackle climate change.
8. EcoVadis is a provider of business sustainability ratings. With a gold rating, Lenovo is in the top 3% of companies rated by EcoVadis.
9. Lenovo joined seven other technology companies in Slovenia for the 2nd UNESCO Global Forum on AI, signing a ground-breaking agreement to build more ethical AI

Our ESG Vision

Environment

- **Net Zero:** Science based emissions reduction targets for near term and long term net-zero validated by SBTi (base year: FY2018/19, target year: FY2029/30)



Reduce absolute Scope 1 + Scope 2 GHG emissions 50%



Reduce Scope 3 GHG emissions from use of sold products 35% per comparable product



Reduce Scope 3 GHG emissions from purchased goods and services 66.5% per million US\$ gross profit



Reduce Scope 3 GHG emissions from upstream transportation and distribution 25% per tonne-km of transported product

- Lenovo is the first PC and smartphone maker to have targets validated to the Net-Zero Standard
- Lenovo commits to reduce absolute GHG Scope 1, 2, and 3 emissions by 90% by FY2049/50 from a FY2018/19 base year

Social

- **Labor Rights:** Commitment to upholding of Human Rights across the organization including corporate strategies, practices, and supplier requirements as member of Responsible Business Alliance and signatory of UN Global Compact
- **Health and Safety:** World-class standards through Occupational Health and Safety (OHS) Management System. Manufacturing locations are ISO Quality, Environmental, and OHS certified by accredited auditor
- **Diversity and Inclusion:** Leadership in promoting an inclusive culture for both the Company's global workforce and customer base

Governance

- Mature governance structure with Board level and senior leadership commitment
- **Privacy and Data Protection:** Global Privacy and Data Protection Program ensure the Company is in compliance with global privacy and related data protection laws and regulations
- **Ethical Management of Responsible Artificial Intelligence:** Responsible AI framework to ensure ethical, legal, safety, privacy and accountability concerns are governed in the appropriate legal and ethical manner
- **Stakeholder Engagement:** Lenovo 360 Circle connects channel partners through collective opportunities and provide the resources to succeed in a highly competitive market and tackle sustainability issues

Our ESG Approach

ESG Governance

- Robust ESG governance structure to oversee the ESG strategy and progress:
 - Chief Legal & Corporate Responsibility Officer: Executive leadership for the Company's ESG function
 - ESG Executive Oversight Committee: Strategic direction and coordination of ESG efforts
 - Board of Directors: ESG strategy and reporting; effective governance and oversight

ESG Reporting & Policies

- High standards of ESG management, policies and strategies include Human Rights Policy, Climate and Energy Policy, Climate Change Transition Plan
- ESG reporting in reference to GRI 2021 standards and in accordance to Listing Rules of Securities on The Stock Exchange of Hong Kong consistent with principles of the UN Global Compact
- Accredited third parties provide verification statements on environmental data (emissions, energy, water, waste)

Board of Directors

- **Strong independent element on the Board**
 - 75% independent non-executive directors (INEDs) for the Board and Board Committees
- **Lead Independent Director**
 - Serves as Chairman of the Board / Nomination and Governance Committee (NGC) meeting(s) whenever considering the combined roles of Chairman and CEO
 - Prepares a performance assessment of the Chairman and/or CEO in consultation with all other board members
 - Serves a key role in the Board evaluation process
 - Calls and chairs meeting(s) with all NEDs at least once a year
 - Responds directly to all stakeholders' questions, when appropriate
 - Provides consultation and direct communication with major shareholders upon request

Our Governance

Board Diversity

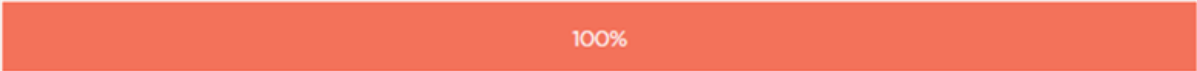
- The Board and NGC review the structure, size and composition, among others, gender, age, skills, experiences and length of services
- 2 out of 12 directors are females, target 20% female representation by FY2025/26

Independence weighting

Board



Audit Committee



Compensation Committee



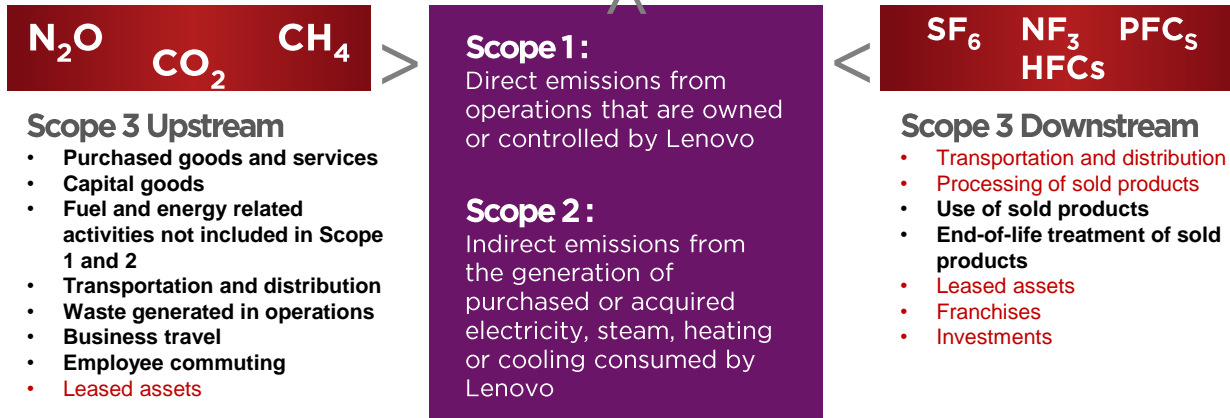
Nomination and Governance Committee



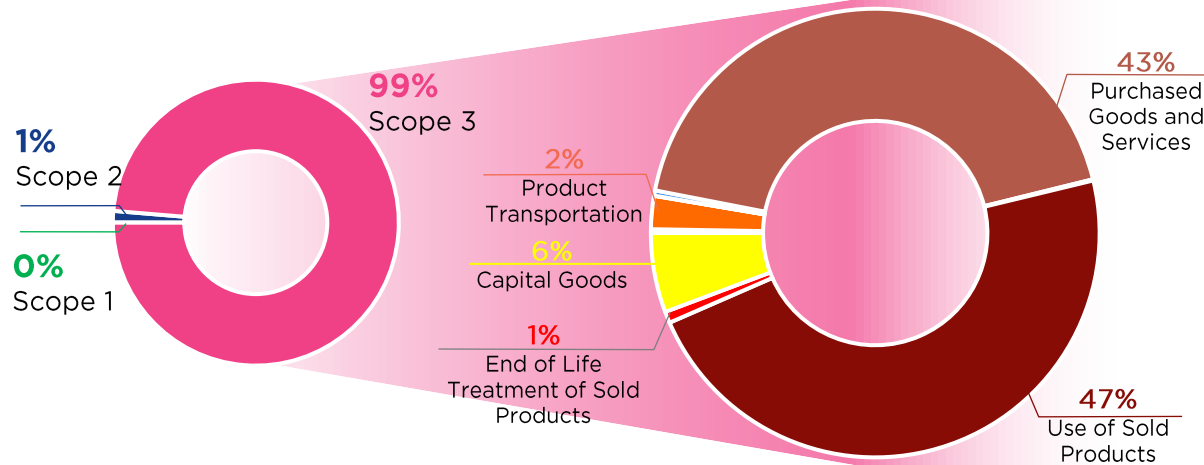
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Progress on Climate Action

Lenovo's GHG Emissions

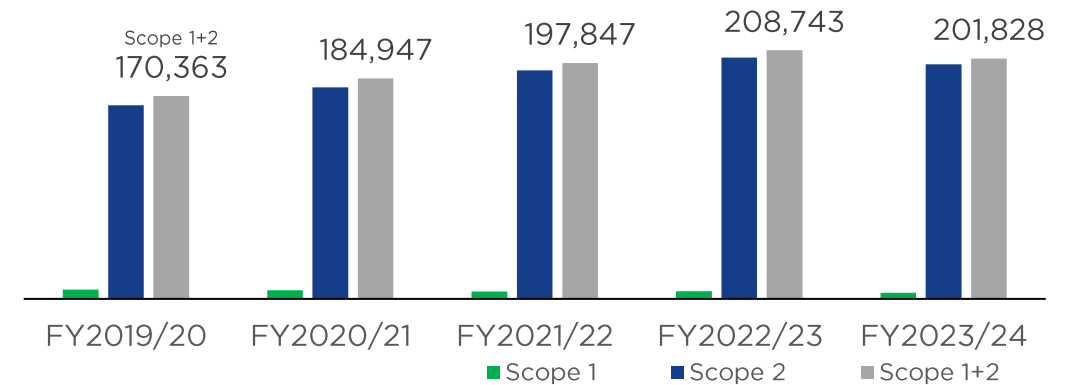


FY2023/24 GHG emissions breakdown

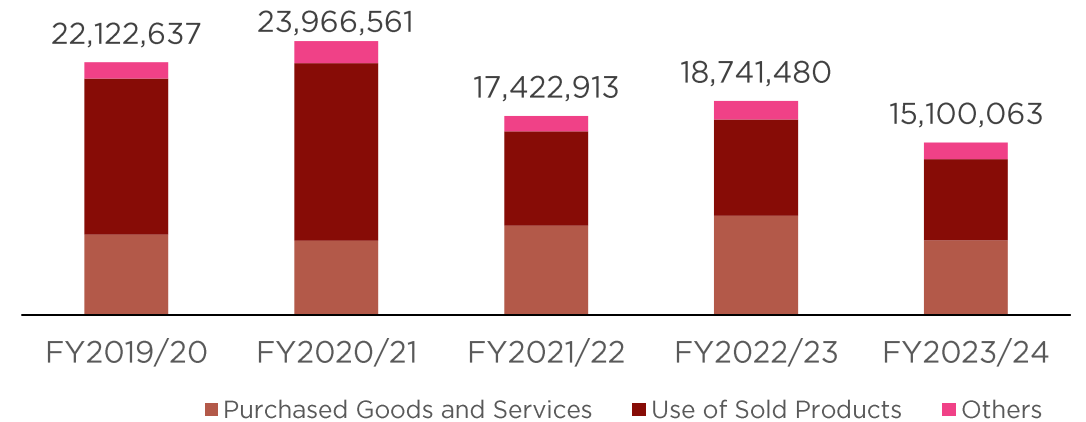


Lenovo's GHG Emissions

Scope 1 and 2 (location-based) emissions (MTCO₂e)



Scope 3 emissions (MTCO₂e)



Notes: Scope 3 categories in bold black are tracked and evaluated and in some cases actions are being taken to drive emissions reductions. Scope 3 categories in red are not relevant to the Company. Scope 2 emissions refer to location-based emissions.

Lenovo's Commitment: Net-Zero GHG Emissions by 2050

Lenovo is an early adopter of the science-based emissions reduction approach

First PC and smartphone maker, and one of the first 139 companies in the world, to establish a net-zero target validated by SBTi



SCIENCE
BASED
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Near-term 2030 emissions reduction targets ✓ in 2020, updated in 2023

Long-term 2050 emissions reduction target ✓ in 2023



A **scientific, collaborative, and accountable** approach to reducing emissions

2050 Long-term Target



Reduce all GHG emissions by 90% - absolute reduction of Scope 1, 2 and 3 emissions.

Neutralize remaining 10% of emissions through carbon capture, reforestation, or other means





Roadmap

Continue to promote renewable energy in operation and value chain, drive energy efficiency improvement at sites and in products, and expand supplier commitments




**BUSINESS
AMBITION FOR 1.5°C**



Lenovo's Near Term Targets

Near-term Targets	Roadmap
 <p>Reduce absolute Scope 1 + Scope 2 GHG emissions (related to Lenovo's operations) by 50%</p>	<p>Hierarchical combination of energy efficiency, on-site renewable energy generation, and renewable energy commodities</p>
 <p>Reduce Scope 3 GHG emissions (value chain) from use of sold products ~35% on average for comparable products</p>	<p>Reduce product emissions through energy efficiency improvements, engaging customers to use more renewable energy</p>
 <p>Reduce Scope 3 GHG emissions (supply chain) from purchased goods and services 66.5% per million US\$ gross profit</p>	<ul style="list-style-type: none">• Inclusion of climate change requirements in Supplier Code of Conduct• Supplier climate data collected annually from subset of suppliers• Climate change KPIs included in supplier ESG scorecards (evaluation process)• Expand supplier program to greater number of suppliers/ data capabilities and SBTi level of commitment
 <p>Reduce Scope 3 GHG emissions from upstream transportation and distribution operations by 25% per tonne-km of transported product</p>	<ul style="list-style-type: none">• Modal shift to lower carbon modes of transport• Optimization of transport planning• Increase of vehicle utilization• Improvement of vehicle fuel efficiency

Sustainability Throughout Entire Value Chain

Type	KPI	UNGC SDG
Climate change mitigation	<ul style="list-style-type: none"> By FY2025/26, 90% of our global operations' electricity will be obtained from renewable sources.¹ By FY2025/26, we will remove one million tons of greenhouse gas emissions from our supply chain.² By FY2029/30, we will achieve 50% improvement in energy efficiency of Lenovo desktops³ and servers.³ By FY2029/30, we will achieve 30% improvement in energy efficiency of Lenovo notebooks³ and Motorola products.⁴ 	
Circular economy	<ul style="list-style-type: none"> By FY2025/26, 84% of repairs can be done at the customer site, without having to send their PC to a service center.⁵ By FY2025/26, 76% of repairable PC parts returned to our service center will be repaired for future use.⁶ By FY2025/26, we will have enabled the recycling and reuse of 800 million pounds of end-of-life products.⁷ 	
Sustainable materials	<ul style="list-style-type: none"> By FY2025/26, 100% of PC products will contain post-consumer recycled content materials.⁸ By FY2025/26, we will use 300 million pounds of post-consumer recycled content plastics in our products.⁹ By FY2025/26, 100% of smartphone products and accessories will be free of PVC and BFR.¹⁰ By FY2025/26, 90% of PC products plastic packaging will be made from recycled materials.¹¹ By FY2025/26, Smartphone packaging will use 50% less single-use plastics and reduce in size/volume by 10% and 60% of smartphone packaging will be made from recycled materials.¹² 	

1 May be accomplished through installation of onsite renewable energy generation, entry into power purchase agreements (PPA) with power providers and/or the purchase of renewable energy credits.
 2 Relative to FY2018/19 measured emissions.
 3 Energy efficiency improvement on average for comparable products relative to FY2018/19, excluding gaming notebooks.

4 Energy efficiency improvement on average for comparable products relative to FY 2020/21.
 5 Excludes Android tablets and visuals.
 6 Measured by value.
 7 Cumulative total since 2005.
 8 Excludes tablets and accessories.




9 Cumulative total since 2005.
 10 Controlled at 1000 ppm.
 11 Measured by weight and excludes tablets, accessories and monitors.
 12 Relative to FY 2020/21. Excludes Lenovo smartphone packaging. Includes RAZR smartphone packaging starting in FY 2023/24.

Sustainability Throughout Entire Value Chain

Type	KPI	UNGC SDG
Diversity and Inclusion	<ul style="list-style-type: none"> By FY 2025/26, we will grow the global representation of women in executive roles to 27% (from 21% in 2020)¹ By FY 2025/26, we will grow the representation of executives in the US from historically underrepresented ethnic and racial groups to 35% (from 29% in 2020)¹ By FY 2025/26, 75% of Lenovo's products will be vetted by inclusive design experts to ensure they work for everyone, regardless of physical attributes or abilities 	  
Philanthropy	<ul style="list-style-type: none"> By FY 2025/26, Lenovo philanthropy will impact 15 million lives and transform one million lives through philanthropic programs and partnerships By FY 2025/26, Lenovo philanthropy will engage one in four employees in its charitable programs (volunteerism and matching gifts) 	  

¹ Includes Lenovo regular employees only. Excludes contractors, third-party or contracted consultants and vendors, and interns.

Sustainability Throughout Entire Value Chain

Type	KPI	UNGC SDG
Corporate governance	<ul style="list-style-type: none"> We continue to hold regular ESG Executive Oversight Committee meetings to include the interests of the business in ESG strategy discussions, assess the progress of our ESG initiatives, and evaluate the continued relevancy of our programs to Lenovo's long term business strategy We continue to propose recommendations to senior leadership regarding effective management of ESG risks and programs We continue to provide regular updates on ESG topics to the Board of Directors 	
Ethics	<ul style="list-style-type: none"> We continue to advance our global ethics and compliance program through program and training enhancements Through FY 2025/26 and beyond, we will obtain recognition for leadership in this area 	 
Privacy	<ul style="list-style-type: none"> Through FY 2025/26 and beyond, we will improve customer experience by making it easier for customers to request their personal information and by improving the speed in which Lenovo respond to these requests Through FY 2025/26 and beyond, we will improve the management and accountability of privacy impact assessments and pre-launch privacy compliance reviews Through FY 2025/26 and beyond, we will enhance existing training materials and continue to deliver privacy-focused training programs to Lenovo employees 	 

FY2023/24 ESG Highlights



Environmental responsibility

- On-track to reach 2030 emissions reduction goals, aligned to Science Based Targets initiative
- Recycled or reused 94,000 metric tons of products from customers
- Named an EPEAT® Climate+™ Champion with more than 400 products registered on day one of Climate+ eligibility
- Achieved plastic-free primary packaging on all ThinkPad lines (except E series)



Social impact

- Industry-leading (29%) representation of women in technical roles
- 40% growth in employee volunteerism during 2023 Love on Month of Service (compared to 2022)
- Launched its AI for Social Impact Webinar Series to promote digital inclusion
- Grew annual Love on Month of Service



Governing with integrity

- Committed to responsible, ethical AI with proactive governance in place
- Aligned to the leading standards and frameworks to report enterprise-wide sustainable impact
- #10 on Gartner's Top 25 Supply Chain
- IPE Green Supply Chain Corporate Information Transparency Index and the Corporate Climate Action Transparency Index, ranked Top 10 in the IT industry.



Industry Recognition for our ESG Performance and Commitment

Lenovo ranks well on a number of external ESG ratings

External ESG Ratings

 SUSTAINALYTICS **17.2 / Low**



Climate Change

A



Supplier Engagement

A



Water Security

B

Awards and Recognitions

2024 ranked 10th in Gartner Top 25 Supply Chain Ranking

2023 MSCI ESG “AAA” Rating

2023 HKICPA Gold Award in Best Corporate Governance and ESG Awards

2022 Green Bond inclusion in Bloomberg MSCI Green Bond Index

2022 Green Bond inclusion in S&P Green Bond Index

2023 Hang Seng Corporate Sustainability Index “AA” Rating (Highest in IT industry)

2023 Bloomberg Gender Equality Index Constituent (4th year in a row)

2023-2024 Included in Human Rights Campaign Foundation’s Corporate Equality Index (6th year in a row)

2023 CDP Climate Change “A-” Rating, CDP Water “B” Rating

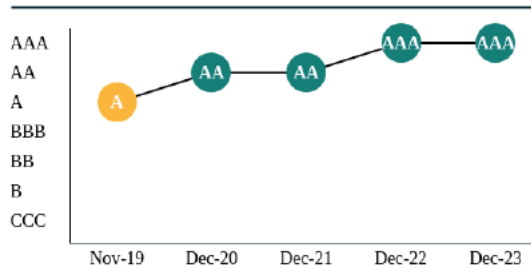
2023 CDP Supplier Engagement “A” Rating

External ESG Rating Track Record

MSCI ESG Rating

- In Dec 2022, MSCI ESG rating has been **upgraded to AAA from AA**, indicating a **1-notch improvement** of ESG performance and achieving the highest possible rating.
- Lenovo ESG Risk Rating **leads its peers at the Technology Hardware, Storage and Peripherals industry** (13th percentile).

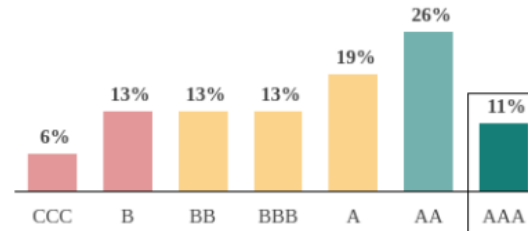
ESG Rating history



ESG Rating history shows five most recent rating actions

ESG Rating distribution

Universe: MSCI ACWI Index constituents, Technology Hardware, Storage & Peripherals, n=47

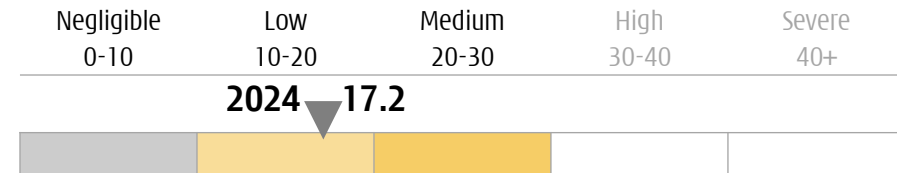


- Maintained industry leadership in Electronic Waste (+4.9 vs avg.)
- Maintained industry leadership in Privacy & Data Security (+2.5 vs avg.)

Sustainalytics Risk Rating

- The company's overall exposure moderately above subindustry average. Human Capital, Data Privacy and Security, and Business Ethics are notable material ESG issues.
- Sustainalytics commented that the company's overall management of material ESG issues is **strong**.
- Ranked 44th/123** globally within the same peer group.

Risk Momentum: +0.0



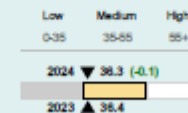
Risk Rating Momentum

+0.0



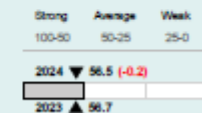
Exposure Momentum

-0.1



Management Momentum

-0.2














Green Finance Framework and 2022 Green Bond





2022 Green Bond Details

Issue Date	July 20, 2022
Tenor	10 year
Amount Issued	USD625,000,000

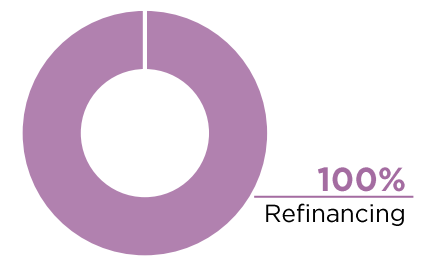
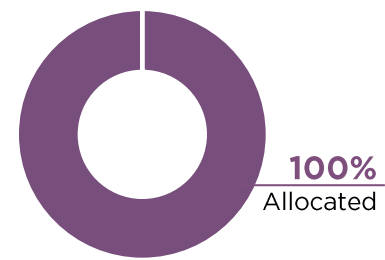
Categories Examples SDGs

	Energy Efficiency	<ul style="list-style-type: none"> Energy efficiency features, energy-efficient products 	 
	Renewable Energy	<ul style="list-style-type: none"> Construction, operation, and procurement of renewable energy sources 	
	Green Buildings	<ul style="list-style-type: none"> Local and/or internationally recognized green buildings 	
	Circular Economy Adapted Products, Production and Processes	<ul style="list-style-type: none"> Products, packaging and services that support a circular economy through the use of recycled content, reusable or recyclable materials and improve the reparability or recyclability 	
	Clean Transportation	<ul style="list-style-type: none"> Low energy consuming or low emission transportation assets 	

Impact Reporting

Eligible Project Category	Projects	Impacts
 Renewable Energy	Solar Energy Project	<ul style="list-style-type: none"> 3.24 MWh of solar energy generated annually 920 MT CO₂e of GHG avoided annually
 Green Buildings	Green Buildings Project	<ul style="list-style-type: none"> 4,390,332 square feet of green buildings covered for the Beijing Campus and Shenzhen Headquarter

Allocation Reporting



Please refer to Lenovo's Green Finance Framework at <https://investor.lenovo.com/en/sustainability/green-finance-framework.pdf> for details.

**Smarter
technology
for all**

Lenovo

thanks.