



HKD COUNTER STOCK CODE 992
RMB COUNTER STOCK CODE 80992

2022/23 Environmental, Social and Governance Report

Lenovo Group Limited

**Smarter
technology
for all**

Lenovo



Table of contents

1.0 Executive letters	2
A message from our Chairman and Chief Executive Officer	4
A message from our Chief Legal & Corporate Responsibility Officer	6
2.0 About this report	8
About this report	10
Material topics	11
Organizational profile	13
Aligning with the United Nations Sustainable Development Goals	14
3.0 Environmental	16
Environmental management system (EMS)	18
Climate change	18
Waste	24
Water	25
Environmentally conscious products	26
Packaging	35
Product end-of-life management (PELM)	37
Circular economy	38
Environmental highlights	39
4.0 Social	42
Labor practices	44
Health and safety	45
Diversity and inclusion (D&I)	51
Training and development	59
Global philanthropy	61
Social impact highlight	63
5.0 Governance	64
ESG governance	66
Business practices	69
Product quality management	73
Innovation	75
6.0 Global supply chain	80
Supply chain ESG practices	82
Supplier diversity	93
7.0 Consolidated metrics	94
FY 2022/23 consolidated metrics	96
8.0 EMS performance, objectives and targets	114
FY 2022/23 EMS performance	116
9.0 Long-term KPI progress	122
Long-term ESG key performance indicators (KPI)	124
10.0 Appendix	128
FY 2022/23 memberships and associations	130
Scope of the report	131
GRI content index	132
The Hong Kong Stock Exchange's ESG Reporting Guide content index	136





1.0 Executive letters

- 4 A message from our Chairman and Chief Executive Officer
- 6 A message from our Chief Legal & Corporate Responsibility Officer

A message from our Chairman and Chief Executive Officer

Over the past year, Lenovo has remained committed to building a sustainable planet, promoting inclusion, closing the digital divide, and being a responsible corporate citizen everywhere we do business. Despite numerous complexities over the past year, we have made noteworthy progress with ESG as an integral part of our strategy, innovation, and operations.

Committed to Net-Zero by 2050

As a global company, we have seen the impact of climate change on our stakeholders and feel the urgency to combat it together. In the last fiscal year, we were proud to affirm our commitment to reaching net-zero emissions by 2050 with net-zero targets validated by the Science Based Targets initiative (SBTi) and their first-of-its-kind Net-Zero Standard.

As an early adopter of science-based targets, we've been encouraged to watch many of our global technology peers and competitors as well as customers across industries - align their emissions reduction goals to SBTi. By working with SBTi, we are contributing to a wider body of collaborative data to understand and limit climate change. Beyond our commitments, we have a duty to deliver on emissions reduction efforts through transparent measurement and reporting of our emissions. We approach our near-term 2030 goals with this vision, harnessing our innovation to increase the sustainability of our products and operations.

We take sustainability into consideration throughout our entire value chain, from design to manufacturing, and from logistics to services.

We have a history of designing our products for sustainability and have continued to increase the use of sustainable materials in our products and packaging. Beyond design, we manufacture our products with sustainability in mind. We are assessing our factories to reduce their carbon footprint with improvements like renewable energy installations, energy efficient lighting, and temperature controls. In 2023, we were proud to be part of the standardization for low carbon manufacturing in China, serving as an industry



representative to test and establish the group standard for the CESI Certification Co., LTD. Lenovo's Wuhan plant achieved the distinction of being the first and only factory in China's information and communication technology industry to be recognized for sustainability by that organization.

We have made advancements in our logistics this year, using more biofuel in air and ocean freight and offering our customers more sustainable shipping options through bulk packaging and shipments using biofuel. Providing more sustainable choices for our customers is helping to drive our services-led transformation. We are proud to offer sustainable solutions, including Asset Recovery Services and CO₂ Offset Services, enabling our customers to increase participation in the circular economy and manage their carbon footprint.

Promoting Inclusion and Closing the Digital Divide

Benefiting our communities is a core motivator for a more sustainable future, while research continues to show that a strong internal culture of integrity and inclusion is the best environment for innovation. We maintain a focus on both external and internal communities as we work to make a social impact, increase access to technology, and create a more equitable and innovative future.

I am proud that for the fourth year, Lenovo was included in the Bloomberg Gender Equality Index. This signals Lenovo's commitment to gender equality in the workplace, in addition to our work with United Nations Target Gender Equality program. Lenovo was also honored to be one of the best places to work for LGBTQ+ Equality from the Human Rights Campaign's Corporate Equality Index, scoring 100 percent for the fifth consecutive year in 2022. We believe Lenovo's inclusive workplace once again drove record-high employee engagement levels measured in our annual Lenovo Listens Survey, a key achievement that we do not take for granted.

Lenovo remains committed to giving back to communities around the world through strategic partnerships and programs that share our 'smarter technology for all' vision. This mission inspires our employees to join Lenovo's efforts to close the digital divide by providing access to Science, Technology, Engineering and Math (STEM) education. Lenovo employees have worked together to grow our annual 'Love On' Month of Service each year. The grassroots effort has directly impacted more than 250,000 individuals to date. Employees also engage in helping communities during times of natural and humanitarian disaster by making contributions to response efforts which are matched by Lenovo.

Governing with Integrity and Resilience

While we continue our journey to net-zero and work toward more inclusive workplaces and communities, we are focused on governing our global operations with the highest standards of ethics and compliance.

Our corporate governance framework includes a Corporate Sustainability Policy, Code of Conduct, and Executive Oversight Committee for our ESG programs. Our 'We are Lenovo' culture emphasizes global teamwork guided by integrity and trust. We are focused on ensuring our customer experience reflects our values of transparency, privacy, and security through our Product Security Office.

In the past year, Lenovo has received the following recognitions for strong governance:

- Hong Kong Institute of Certified Public Accountants' (HKICPA) Gold Award in Most Sustainable Companies and Organizations section of the Best Corporate Governance and ESG Award, making 2022 the tenth year that Lenovo has been recognized by HKICPA for corporate citizenship.
- Our inaugural green bond tranche was included in the Bloomberg MSCI Green Bond Index and the S&P Green Bond Index, and Lenovo's MSCI ranking was upgraded from AA to AAA.
- For the second consecutive year, Lenovo received the best score in the Information Technology (IT) Industry for our rating from the Hang Seng Corporate Sustainability Index (AA+ rating).
- Lenovo was ranked number nine in the 2022 Gartner Top 25 Supply Chain ranking.

We achieved a great deal last year! I am grateful to our ESG experts as they lead us on the most credible path toward sustainability. We will continue to work with our global stakeholders to build a smarter future for all.



Yang Yuanqing
Chairman and Chief Executive Officer
Lenovo Group Limited

A message from our Chief Legal & Corporate Responsibility Officer



As Lenovo's Senior Vice President and Chief Legal Officer for the past six years, it is my pleasure to write my first letter in the additional capacity of Chief Corporate Responsibility Officer. Lenovo has measured and reported on our sustainability efforts for over 15 years. The increased impacts of climate change and social inequalities, and the need for corporate transparency have rightly amplified our stakeholders' attention on both our environmental affairs and broader ESG programs. We remain steadfast on our ESG journey in pursuit of our vision to provide smarter technology for all.

During FY 2022/23, Lenovo maintained focus on transforming into a global technology powerhouse. We developed innovative solutions that reshaped the way we and our customers conduct business around the world and helped to preserve the ecosystems on which our future depends.

Our commitment to sustainability is underscored by our cultural values of credibility and accountability. These tenets of our business culture led us to the Science Based Targets initiative (SBTi) while committing to reductions in greenhouse gases. In 2020, we had our 2030 targets validated through the SBTi. In January 2023, we were proud to announce our net-zero commitment for 2050, aligned to the SBTi's Net-Zero Standard. We believe technology and innovation are key to a smarter future, and that we must take the most credible and collaborative path to measuring our sustainability initiatives.

Our commitment to net-zero will require an immense amount of alignment and support, and this won't be possible without the innovation that's fueled by diverse perspectives and an inclusive culture. As a member of Lenovo's Diversity and Inclusion Board and Executive Champion of our employee resource group for people with disabilities (A Better Lenovo for Everyone, or ABLE), I am extremely proud of our employees' initiatives and efforts to create and maintain our inclusive culture. In 2022, we were recognized as a top employer for disability inclusion by Disability:IN. Our Product Diversity Office has

expanded its strategy to ensure that our technology enables inclusive experiences for our customers, free of bias and usable by all, regardless of background or ability. We believe in fostering inclusion at the first spark of innovation, and our intellectual property team continues our efforts to ensure diversity in innovation through measurement of patent applicants and efforts to mitigate bias in our patenting process.

To further our inclusive efforts, in 2022 Lenovo committed to the Declaration of Amsterdam, confirming our commitment to fostering an inclusive workplace for LGBTIQ+ employees. Our teams quickly engaged in this commitment, leading to Lenovo's recognition for making the most progress year-on-year in the Workplace Pride Global Benchmark. We are also proud of our philanthropic efforts and their measured effect in communities around the world. Lenovo's global philanthropy team has tracked 16 million direct beneficiaries since 2020, meeting and exceeding our 2025 goal to impact 15 million lives.

In FY 2022/23 our ESG activities reached important milestones which attributed to Lenovo's recognition by CDP as a leader in water security (A- ranking), for mitigation of climate change (A- ranking), and for supplier engagement (A- ranking), among other accolades.

These recognitions helped Lenovo once again rise in the list of Fortune's World's Most Admired Companies, an annual ranking that evaluates the corporate reputations of global companies. We will continue to work toward a smarter future as a trusted and resilient global technology company with our sustainability values at our core.



Laura Quatela

*Senior Vice President, Chief Legal & Corporate Responsibility Officer
Lenovo Group Limited*



2.0 About this report

- 10 About this report
- 11 Material topics
- 13 Organizational profile
- 14 Aligning with the United Nations Sustainable Development Goals

2.0 About this report

About this report

This is the 17th annual Environmental, Social, and Governance (ESG) Report of Lenovo Group Limited¹ (HKD counter stock code: 992 / RMB counter stock code: 80992) (the Company or Lenovo), which covers the Fiscal Year (FY) 2022/23 (April 1, 2022 – March 31, 2023). This report is considered a companion document to the Company's [FY 2022/23 Annual Report](#). The annual ESG update can be found in the Management's discussion & analysis of the Annual Report.

Report content

The content of this report is guided by the ESG Reporting Guide of The Stock Exchange of Hong Kong Limited (the Hong Kong Stock Exchange), the Global Reporting Initiative (GRI) Standards, and the needs of the Company's stakeholders. This report has been prepared with reference to the GRI 2021 Standards and in accordance to the ESG Reporting Guide of the Hong Kong Stock Exchange. The GRI content index and the Hong Kong Stock Exchange's ESG Reporting Guide content index are included in the Appendix of this report. The Company has complied with all the mandatory disclosure requirements and "comply or explain" provisions as set out in the ESG Reporting Guide of the Hong Kong Stock Exchange.

External assurance

Accredited third parties have provided verification services for certain energy, greenhouse gas (GHG) emissions, waste, and water data in this report. Please see the [Environmental section](#) of this report for more details.

Scope of this report

The contents of this report apply to the Company, together with its principal Lenovo-branded and Motorola-branded subsidiaries (the "Covered Entities"), except where noted. For purposes of this report, unless the context otherwise requires, the term "the Company" also refers to the Covered Entities included in the scope of this report. Where certain topics also include other principal subsidiaries, it is noted. The scope of the Covered Entities' material topics and the boundaries within their value chain are detailed in the table on [page 131](#). The table also includes the scope of coverage for the information that extends to subsidiaries directly or indirectly held by the Company and that are identified in the [FY 2022/23 Annual Report](#). All disclosures and results are for the Company's FY 2022/23 unless otherwise noted. The scope of this report was determined using a financial threshold with reference to the contributions of the subsidiaries or operations to the total revenue of the Company and its subsidiaries (the "Group").

Basis of calculations

All financial data is denoted in US Dollars. The Company may in some instances face various challenges when measuring its performance. If there are contingencies associated with the data provided, those contingencies will be noted in the documentation.

Contact information

For questions or other information about this report, please contact:

Ms. Jeannie Kwong, ESG Reporting Manager
Mr. Naveen Agarwal, ESG Data and Disclosures Specialist
8001 Development Drive, Morrisville NC 27560
Email: environment@lenovo.com



Lenovo's operation center in Beijing, China.

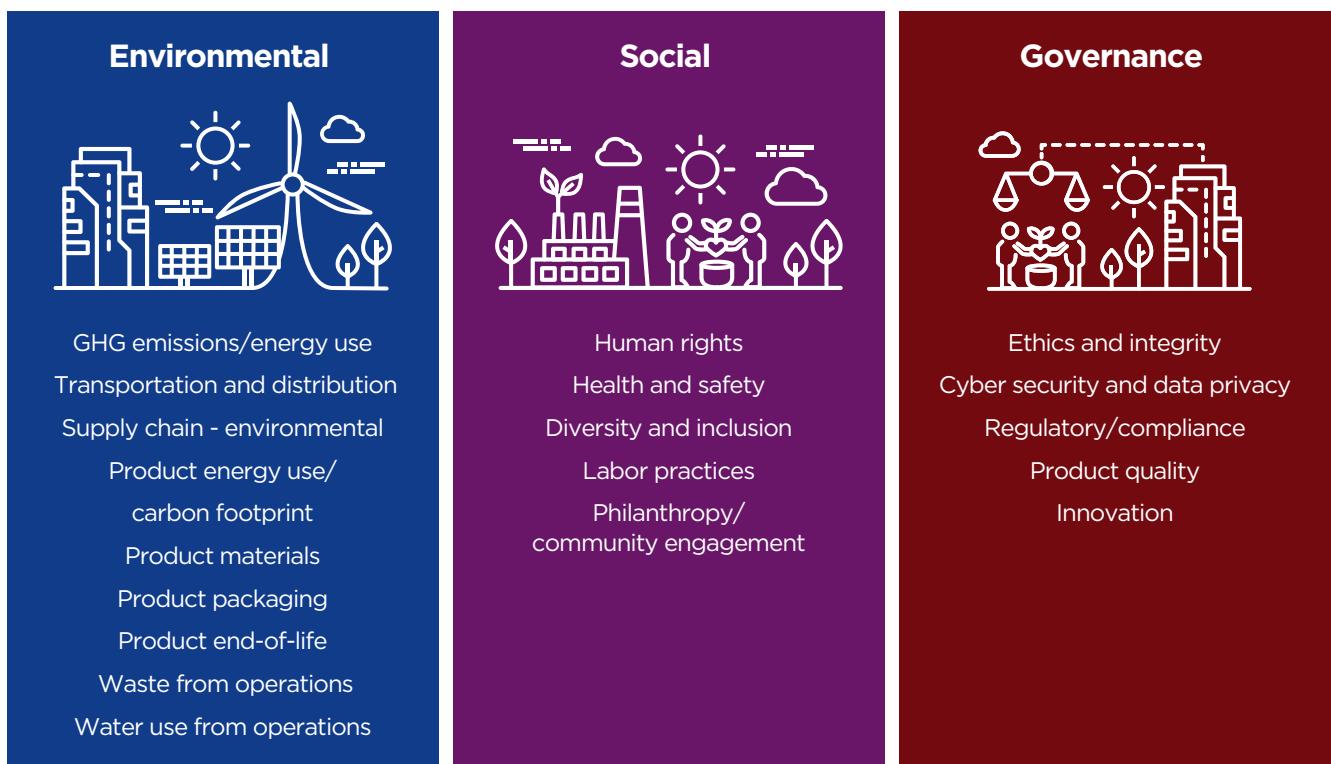
¹ As a holding company, Lenovo does not design, develop, manufacture, or distribute products or services, or control any activities of Lenovo subsidiaries in the design, development, manufacture, or distribution of products or services

Material topics

The Company recognizes the importance of a variety of informed perspectives as it develops and drives its ESG programs. Through ongoing engagement with stakeholders, it identifies ESG-related material topics through a process that includes a range of inputs which align with the Company's significant environmental, social, and governance impacts; or that substantively influence the decisions of stakeholders. The sources of input include but are not limited to customer surveys, benchmarking of industry trends, ESG reporting frameworks, investor outreach, the requirements under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, regulatory agencies, non-governmental organizations (NGOs), and various internal and external stakeholders.

After the ESG-related material topics have been identified, the Company prioritizes the issues by degree of importance for Lenovo's business continuity and the impact on stakeholders. This prioritization exercise is carried out using stakeholder inclusiveness and materiality principles. The information derived from this process helps set the Company's ESG goals, targets, disclosure practices and ongoing engagement with its stakeholders. The material topics identified for the FY 2022/23 reporting year are detailed in the chart below. There is no change in the material topics list from the previous reporting period.

The Board of Directors and the ESG Executive Oversight Committee (ESG EOC) have reviewed and approved the materiality assessment process and ensures that there is alignment with the Company's policies, business strategies, and risk priorities. Details regarding the Company's ESG Governance and the role of the ESG EOC are included in the [Governance section](#) of this report.



Stakeholder engagement

The Company actively manages its relationships with customers, employees, suppliers, investors, regulators, members of the communities in which it operates, and other stakeholders who may be impacted by the organization's ESG performance and whose actions

can affect the organization's value. Direct and indirect stakeholder engagement is conducted through regular business practices or through interactions with relevant stakeholders.

	Stakeholder representatives	Communication methods and channels	Communication topics
Investors 	Investor Relations; Analysts; Shareholders; Financial Institutions; Hong Kong Exchanges and Clearing Limited	Annual Report; Annual General Meeting (AGM); website; webcasts	Quarterly and annual financial results; climate change; Diversity and Inclusion (D&I); corporate governance; ESG initiatives, goals and targets
Employees 	Human Resources; Talent Acquisition; Philanthropy; Social Impact subject matter experts	Internal emails; surveys; intranet; Employee Resource Groups; social media	Training and development; D&I; corporate governance; climate change; health and safety; community engagement
Customers 	Sales; Customer Support	Direct interactions with customers via meetings or written responses; customer focus groups; responses to customer-requested surveys; website; social media	Product energy and carbon data; corporate climate change metrics; product recycled content information; supplier due diligence information
Supply chain 	Suppliers; Global Supply Chain	Surveys and audits; Responsible Business Alliance (RBA); Global Supply Chain; website; newsletters	Environmental performance; human rights; labor practices; distribution; health and safety; D&I; climate change; supplier training
Communities 	NGOs; Philanthropic organizations; Civic and communities partnerships; Regulators and Legislators	Community service events; surveys; emails; service campaigns; website; social media	Access to technology; STEM education; employee engagement; natural disasters
Advocacy groups 	Global, national, and local alliances; NGOs	Technical working groups; webinars; newsletters	Supply chain due diligence; climate change; water management; product end of life management; circular economy; D&I; philanthropy
Board of Directors 	Company Secretary; Lenovo Executive Committee; ESG Executive Oversight Committee	Board meetings and newsletters; AGM	Corporate governance; ESG oversight; climate change topics; ESG risks and opportunities; ethics and compliance
Regulators and legislators 	Government agencies; Patent board; Government Affairs; Legal	Compliance assessment tools; regulatory tracking services; external legal resources; newsletters; webinars	Regulatory requirements and trends; compliance requirements; data security and privacy requirements; labor practice requirements
Industry associations 	National or local industry associations; Certification or conformance groups; Industry councils; Standards development working groups	Newsletters; meetings; webinars; emails	Policy recommendations; regulatory updates and standards development activities for energy efficiency; chemicals restrictions; ecolabels

The lists depict representative examples and are not exhaustive.

Organizational profile

Lenovo is a global technology powerhouse serving millions of customers every day in 180 markets. Lenovo is incorporated in Hong Kong S.A.R., China, with key operations centers in Beijing, China, and North Carolina, US. Focused on a bold vision to deliver smarter technology for all, Lenovo has built on its success as the world's largest PC company by further expanding into key growth areas including server, storage, mobile, solutions and services. Lenovo has its shares listing on the Hong Kong Stock Exchange.

Lenovo acquired IBM's PC Division in May 2005. In January 2011, Lenovo announced a joint venture with NEC Corporation, which resulted in the creation of the largest PC group in Japan. Lenovo has held a majority

stake in Medion AG since July 2011, and in October 2014, Lenovo acquired both Motorola Mobility and IBM's X86 servers. In November 2017, Lenovo launched a joint venture with Fujitsu Limited.

In 2022, Lenovo announced a strategic partnership with PCCW Limited to form a technology solutions powerhouse, leveraging the combined strengths of both companies.

Lenovo has a flexible, resilient global supply chain that was ranked #9 in Gartner's Top 25 Global Supply Chains in 2022. To meet the demands of its diverse, global customer base, Lenovo has established company locations, research centers, and manufacturing around the world.



Aligning with the United Nations Sustainable Development Goals

SUSTAINABLE DEVELOPMENT GOALS

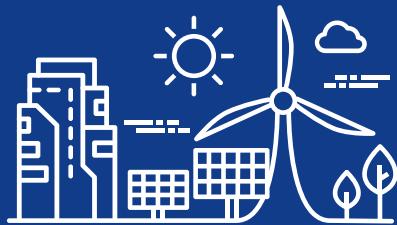
With operations and supply chains that extend around the world, the Company is uniquely positioned to support the global collective impact of business by aligning its practices to a sustainable and inclusive future. Since 2009, the Company has continued its role as a signatory supporter to the United Nations Global Compact (UNGC), a globally recognized platform that provides a blueprint for businesses that want to achieve a more sustainable future for all. As a business participant in the UNGC, the Company strives to demonstrate continuous improvements as it aligns operations and practices with the ten principles of the UNGC. The principles promote a value system that supports the fundamental responsibilities in the areas of human rights, labor, environment, and anti-corruption in the markets where the Company operates. See [here](#) for information on the Company's UNGC Communication on Progress (CoP).

WE SUPPORT



The Company's ESG initiatives include activities that directly and indirectly support the United Nations Sustainable Development Goals (SDGs). This information can be found throughout the [Environmental](#), [Social](#) and [Governance](#) sections of this report.

Environmental



GHG emissions/energy use

Transportation and distribution

Supply chain - environmental

Product energy use/carbon footprint

Product materials

Product packaging

Product end-of-life

Waste from operations

Water use from operations



6 CLEAN WATER AND SANITATION



7 AFFORDABLE AND CLEAN ENERGY



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



13 CLIMATE ACTION



14 LIFE BELOW WATER



17 PARTNERSHIPS FOR THE GOALS

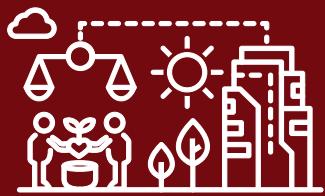
Social



Human rights
Health and safety
Diversity and inclusion
Labor practices
Philanthropy/
community engagement



Governance



Ethics and integrity
Cyber security and data privacy
Regulatory/compliance
Product quality
Innovation





3.0 Environmental

- 18 Environmental management system (EMS)
- 18 Climate change
- 24 Waste
- 25 Water
- 26 Environmentally conscious products
- 35 Packaging
- 37 Product end-of-life management (PELM)
- 38 Circular economy
- 39 Environmental highlights

3.0 Environmental

Environmental management system (EMS)

The Company manages the environmental elements of its operations through a global environmental management system (EMS) that covers the Company's worldwide product design, development, and manufacturing operations (including distribution, fulfillment, and internal repair operations) for computer products and devices, data center products, mobile devices, smart devices, accessories, and converged network equipment. The scope encompasses these same activities when performed by its subsidiary and/or affiliate companies.

All of the Company's sites in the [EMS scope](#) are ISO 14001:2015 certified. See [here](#) to view the Company's Global ISO 14001:2015 certificates.

The Company has established, implemented, and maintained an Environmental Affairs Policy which can be viewed [here](#).

Within the framework of the Company's EMS, it annually conducts a Significant Environmental Aspect (SEA) evaluation process where it identifies and evaluates the aspects of its operations that have actual or potential significant impacts on the environment using a methodology that includes input from the Company's Enterprise Risk Management (ERM) process. Metrics and controls are established for these significant environmental aspects.

Performance relative to these metrics is tracked and reported. Performance targets are established for select environmental aspects annually with considerations including Environmental Affairs Policy, regulatory requirements, customer requirements, stakeholder input, environmental and financial impact, and management directives.

During FY 2022/23, the Company's significant environmental aspects included:

- Product materials – including use of recycled plastics and environmentally preferable materials where possible
- Product packaging
- Product energy consumption and emissions
- Product end-of-life management
- Site air emissions, specifically greenhouse gas (GHG) emissions
- Site energy consumption
- Supplier environmental performance
- Product transportation
- Waste management
- Water management

Objective and performance targets were established for the aspects listed above. The Company's performance against these objectives and targets is available in [Section 8.0](#).

The Company's energy, GHG emissions (Scope 1 and 2), waste, and water data are externally verified to a reasonable level of assurance. The Company's GHG emissions (Scope 3) data is externally verified to a limited level of assurance. The FY 2022/23 Verification Statements for GHG, Energy, Waste and Water can be viewed [here](#).

Climate change

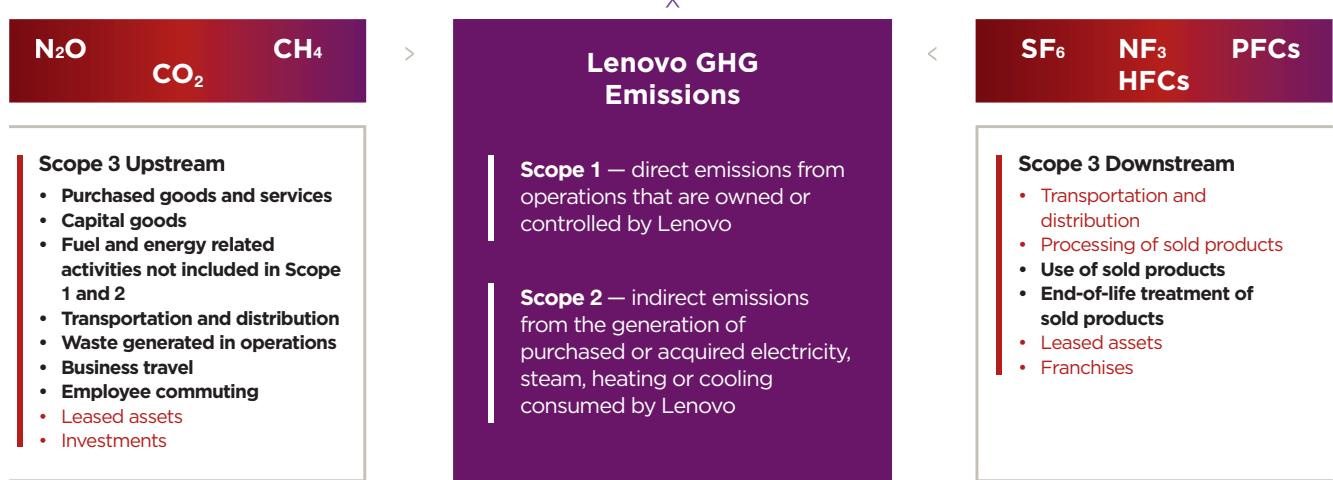
The Company recognizes that human activities are contributing to climate change and concurs with the findings of current climate science as described in the latest assessment report from the [Intergovernmental Panel on Climate Change](#) (IPCC). The Company also recognizes that if left unchecked, current trends in climate change present serious economic and societal risks and agrees that specific actions are needed to stabilize atmospheric GHG levels and hold global average temperatures to acceptable increases.

The Company is working both internally and externally to help minimize and mitigate climate risks. It is committed to reducing the global carbon footprint of its business activities and has demonstrated its commitment by:

- Implementing a corporate [Climate and Energy Policy](#)
- Executing a long-term comprehensive [Climate Change Strategy](#)
- Setting corporate-wide [objectives and targets](#) which support the above Policy and Strategy

The Company's Chief Legal & Corporate Responsibility Officer provides executive leadership for its ESG position, including climate change programs. In addition, the ESG Executive Oversight Committee (EOC), chaired by the Chief Legal & Corporate Responsibility Officer, provides strategic direction and facilitates the coordination of ESG efforts across the Company, including proposing recommendations for the effective management of ESG programs. The ESG EOC is comprised of senior management from across the business and functional areas and is chartered to promote a culture that encourages strong ESG performance, including compliance and leadership activities. Regular updates on ESG issues, including updates on topics discussed by the ESG EOC, are also provided to the Board and its Committees from the Chief Legal & Corporate Responsibility Officer. Concentrated discussion on ESG issues, including climate change, assists the Board in making the most appropriate decisions and providing oversight based on the long-term risks and opportunities that impact

its stakeholders and the business. At least annually, the Board is briefed on the Company's ESG KPIs including the Company's climate strategy and progress towards its climate change mitigation goals.



Notes: Scope 3 categories in **bold black** are tracked and evaluated in some cases as described in the following sections actions are being taken to drive emissions reductions.

Scope 3 categories in **red** are not relevant to the Company.

Science-based emissions reduction targets and net-zero strategy

The Company has responded to the [Science Based Targets initiative](#) (SBTi)'s urgent call for corporate climate action by committing to align with 1.5°C and net-zero through the Business Ambition for 1.5°C campaign, an official partner of the United Nations Framework Convention on Climate Change (UNFCCC) Race to Zero campaign. SBTi is a partnership between the UN Global Compact, CDP, World Resources Institute and World Wide Fund for Nature. The Company is an early adopter of the science-based emissions reduction approach, after receiving SBTi approval for near-term 2030 emissions reduction targets in 2020. For near-term targets, the Company's Scope 1 and 2 emissions reduction targets are consistent with limiting warming to 1.5°C, the most ambitious goal of the [Paris Agreement](#), and its Scope 3 emissions reduction targets meet ambitious criteria according to the SBTi's methodology, which means they are in line with current best practices.

On January 19, 2023, the Company announced its SBTi validated target to reach net-zero greenhouse gas (GHG) emissions by 2050. The Company's net-zero target is to achieve a 90 percentage reduction across Scope 1, 2, and 3 emissions. The Company was the first PC and smartphone maker and one of the first 139 companies in the world to establish a net-zero target validated by SBTi. The Company's long-term 2050 net-zero target coincides with its near-term, SBTi-validated 2030 emissions reduction targets.

By working with SBTi and aligning to their Net-Zero Standard, which is also the world's first framework for corporate net-zero target setting, the Company is taking a scientific, collaborative, and accountable approach to reducing emissions. Aligning goals to the SBTi helps hold companies accountable for their emissions reduction. Without aligning to SBTi, it is difficult to validate or know when a net-zero target is reached.



These targets have a base year of FY 2018/19, near-term target year of FY 2029/30, and net-zero target year of FY 2049/50. The following table details the Company's Science-Based Targets, road maps for their achievement, and progress against the targets in FY 2022/23.

LENOVO EMISSIONS REDUCTION NEAR-TERM TARGETS	ROAD MAP	STATUS AS OF FY 2022/23 BASE YEAR: FY 2018/19	FY 2029/30 TARGET	
	Reduce absolute Scope 1 + Scope 2 GHG emissions (related to Lenovo's operations) by 50%	Hierarchical combination of energy efficiency, on-site renewable energy generation, and renewable energy commodities	On-Track	- 50%
	Reduce Scope 3 GHG emissions (value chain) from use of sold products -35% on average for comparable products ²	Reduce product emissions through energy efficiency improvements, engaging customers to use more renewable energy	On-Track ¹	- 35%
	Reduce Scope 3 GHG emissions (supply chain) from procured goods and services 66.5% per million US\$ gross profit ²	<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 	On-Track ¹	- 66.5%
	Reduce Scope 3 GHG emissions from global logistics operations by 25% per tonne-km of transported product	<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 	On-Track ¹	- 25%
LENOVO EMISSIONS REDUCTION LONG-TERM TARGETS	ROAD MAP	STATUS AS OF FY 2022/23 BASE YEAR: FY 2018/19	FY 2049/50 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	Above concepts continue drive energy efficiency at Lenovo sites, for products, expand supplier program in commitment	On-Track ¹	- 90%

¹ The Company is in the process of improving input data for this Scope 3 category. The status reported here is the best available estimate at the time of publication. In the FY 2023/24 ESG Report, overall supporting data and target status will reflect any improved input data.

² Updated based on SBTi net-zero approved target.

BUSINESS AMBITION FOR

1.5°C



Operational energy efficiency

Given that one of the Company's most significant environmental aspects is emissions associated with energy consumption, it has a goal to continually improve the energy efficiency of its operations. In FY 2022/23, the Company's initiatives for energy reduction included the following methods:

- **Energy Conservation – Active Method:**
 - Installation of low-energy equipment (including LED lighting, smart lighting system, air compressor, air conditioning, and sewage treatment plant motors automation)
 - Energy-efficiency improvement to air compressor and heating, ventilation, and air conditioning (HVAC) system
 - Building Automation System deployment
- **Energy Conservation – Passive Method:**
 - Installation of energy-efficient windows or low-emissivity windows
 - Adoption of energy-saving and environmentally friendly materials in new construction
- **ISO 50001:2018 Energy Management System**
 - Various manufacturing sites, office locations in EMEA, and the Beijing headquarters location are ISO 50001:2018 certified.
- **Energy Conservation Education**
 - Employee awareness training
 - Energy conservation promotion (emails and tip signs)

Renewable energy

The Company's renewable energy installations help to reduce Scope 2 emissions at its facilities. In June 2022, the Company enabled 500 KW of solar electric as part of its phase 1 plans at its new factory in Budapest, Hungary.

In addition to the 17 MW of solar electric that are currently operational, the Company continues to investigate additional opportunities for solar installations in Brazil, Mexico, and China.



Where the use of onsite renewable energy sources is not technically or economically feasible, the Company chooses to purchase Renewable Energy Credits (REC), International Renewable Energy Credits (I-REC), and Guarantees of Origin (GO). In FY 2022/23, the Company purchased renewable commodities that supported 100 percent renewable energy projects consisting of wind and/or solar power in various parts of the world including Brazil, China, India, Europe, and US.

The images above are of solar panel installations at the Company's Budapest, Hungary and Wuhan, China locations.

Energy

Under the EMS, energy-related targets are set annually. Since decreased energy use or increased renewable energy use impacts emissions, these energy-related targets are related to the Company's Scope 1 and 2 emissions reduction targets and similar actions are taken to achieve all three types of targets. For the Company's specific energy targets and its performance against them see [Section 8.0](#).

By FY 2025/26, **90%**

of our global operations' electricity will be obtained from renewable sources.³

³ 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.

Energy consumption also occurs throughout the Company's value chain. Energy is used by the Company's suppliers and its supply chain is encouraged to develop energy targets and report energy usage. Customers also use energy to power products and the Company has set targets to improve energy efficiency in many of its products.

For more information, see [Section 9.0](#) for the Company's energy-related KPIs.

Logistics

The Company shipped hundreds of millions of products to its customers all over the world in FY 2022/23. The logistics that supported this accounted for roughly 3% of the Company's GHG emissions (total Scope 1, 2, and 3 emissions for FY 2022/23).

The Company's logistics is a major part of its global supply chain, and it is committed to reducing its Scope 3 GHG emissions from upstream transportation.

In FY 2022/23, the Company's logistics priorities included:

Low carbon transport

- The Company is progressing a transition from air freight to road and ocean freight. In FY 2022/23, the Company's use of ocean freight in EMEA increased more than 60 percent. Roll-on/roll-off shipping replaced more than 75 percent of emergent air deliveries in the AP region. More than 97 percent of total ISG shipments are transported by road in North America and China.

Low carbon fuel

- The Company offered its first-of-its-kind sustainable aviation fuel service to customers for a lower-carbon emissions option to transport IT equipment via air freight.
- The Company partnered with Maersk's ECO Delivery solutions for ocean freight shipments which involves using biofuel for ocean transport instead of fossil-based fuel.
- Beginning in January 2022, the Company took part in a pilot carbon-neutral air freight program utilizing sustainable aviation fuel which is produced out of renewable waste and residue raw materials such as used cooking oils. The Company reduced emissions by 745 metric tons CO₂ equivalent⁴ (MT CO₂e) with this program in FY 2022/23.
- For some deliveries in Chile and Mexico, the usage of electric vehicles has been introduced with the aim of decarbonizing the supply chain.

⁴ Jet-A1 Emission Factors acc. EN 16258 Annex A

Utilization and consolidation

- In China, a 53 ft container shipping process was set up to help boost transportation efficiency.

Partnering with industry stakeholders

The Company is actively connecting with the logistics industry, sustainable logistics initiatives, government organizations and NGOs, such as Global Logistics Emission Council (GLEC), Green Freight Asia (GFA), Smart Freight Centre China and US Environmental Protection Agency (EPA) SmartWay program.



The Company uses SmartWay partners for 100 percent of its road freight in North America.



The Company acts in a leading role in Smart Freight Alliance China, an organization that works with shippers to build a compliant, efficient, and sustainable China freight sector.

The Company is a member of the Global Logistics Emission Council (GLEC) and uses its framework to calculate the carbon footprint of the Company's Scope 3 transport emissions.



In 2022, the Company achieved 4-Leaf Certification from [Green Freight Asia \(GFA\)](#) for its performance in Australia. The 4-Leaf Certification is the highest ranked label a company can obtain and demonstrates the Company's commitment to sustainability and transparency in disclosing related data.

Climate change risks and opportunities and management

The significant risks and opportunities associated with climate change are identified and evaluated as part of two main processes within the Company's business management systems. These include its Group Risk Management and Control (GRMC) process and its annual significant environmental aspect evaluation. These two processes are connected, meaning that if climate change risks are identified in the global risk registration, they are considered in the environmental aspects' analysis – and vice versa.

- The Company's formal risk management process covers all areas of the Company's strategic, operational, financial, legal, regulatory and compliance risks, among which include the risk of natural catastrophes to the security of people and operational efficiencies, such as supply chain disruptions. Each major business unit and function is required to identify risks and assess their impacts on the Company's strategy execution, then develop mitigation plans for select identified risks. This process is managed by the Company's Group Risk Management and Control (GRMC) team.

- Energy consumption, the associated GHG emissions, and climate change are identified as significant environmental aspects and impacts for the Company. As such, associated risks and opportunities are evaluated and prioritized annually based on its significant aspect methodology in accordance with the requirements of the Company's EMS. Per these requirements, climate change is evaluated relative to its actual and potential influence on the environment and the business. This process is managed by the Company's Global ESG team. The results of this evaluation are considered in the ERM process described above.

The Company's climate risk assessment in FY 2022/23 also included climate scenario analysis to explore how physical and transition risks and opportunities of climate change can impact its business. Its ESG materiality assessment identifies energy and emissions as material topics that it should prioritize and focus on in its environmental programs. In support of UN Sustainable Development Goal (SDG) 13 – Climate Action, one of the Company's ESG pillars includes a climate action goal. More details about the Company's materiality assessment and how its goals align with the SDGs are available on [pages 11-12](#).



For more information about the Company's identification and assessment of climate-related risks and opportunities, metrics, and actions to address climate change, please read the Company's responses to the most recent [CDP Climate questionnaire](#).

In 2022, the Company scored an A- "Leadership Level" on CDP's Climate Change questionnaire which reflects its performance toward environmental stewardship through climate change mitigation practices in its operations and supply chain.

Other air emissions

The Company's baseline environmental engineering specification prohibits the use of ozone-depleting substances in its products and manufacturing processes except in HVAC and fire-suppression equipment as permitted by law which are managed in accordance with local regulations, and intentional releases are prohibited. The Company's EMS requires the release of chemical substances to be reported as

an environmental incident, including unintentional releases. During FY 2022/23, there were no reported incidents of refrigerant releases. The Company's operational processes do not have significant (as defined by the Company's SEA process) direct air emissions such as nitrogen oxides (NOx), sulfur oxides (SOx), and particulate matter (PM). In addition, the Company has no wet chemical or industrial processes that use volatile organic compounds (VOC) and thus has no point sources of VOC. Household and cleaning products that contain small quantities of VOC are used at some of its facilities but associated fugitive emissions are minimal and are not quantified.

Waste

The Company's day-to-day operations around the globe generate nonhazardous waste and minimal quantities of hazardous waste. To ensure that waste is properly managed and in an attempt to minimize environmental impact, the Company's waste, both nonhazardous and hazardous, are separated and collected on the site of generation and disposed of through third-party waste management companies in accordance with its Site Environmental Programs Manual and applicable legal requirements.

During the FY 2022/23 reporting year, the Company continued to measure and monitor both nonhazardous and hazardous waste generation volumes and disposal methods through an internal environmental database. In this system, environmental focal points at its sites collect and upload monthly waste data from measured data when feasible or calculations based on measured data. When no measured data is available, nonhazardous waste estimations are based on the headcount at the site and the previous year's monthly data from similar sites⁵.

⁵ In FY 2022/23, two offices did not report waste data due to site-specific limitations.

The Company's waste data for the current reporting year is presented in [Section 7.0](#). Annual Verification Statements for the Company's total nonhazardous and hazardous waste are available on the Company's [website](#).

The Company's EMS requires sites to report environmental incidents, including waste-related incidents, through the internal environmental database. During the FY 2022/23 reporting year, no waste-related incidents were reported. In addition to internal reporting, the Company's manufacturing facilities periodically undergo audits, some of which cover aspects of waste management. For more information on audits at the Company's facilities, see [Section 4.0](#).

The Company recognizes that waste management is important throughout the value chain. The Company requires suppliers to meet the Supplier Code of Conduct and the Responsible Business Alliance (RBA) Code of Conduct through contractual stipulations, both of which include waste-related provisions. The Company uses RBA audits to verify compliance with RBA's Code of Conduct by most suppliers by spend. For more information on these supplier activities, see [Section 6.0](#).

The Company manages downstream impacts through a Product-End-of-Life management (PELM) program. More information on the Company's PELM activities can be found in the corresponding section.

Nonhazardous waste

The Company's nonhazardous waste includes typical office and cafeteria waste as well as packaging and manufacturing scrap at manufacturing locations.

Under the Company's EMS, a global nonhazardous waste recycling target is set annually. For the FY 2022/23 reporting year, the target was to direct 90 percent (+/- 5 percent) of the Company's nonhazardous waste to recovery operations. The results of the Company's environmental targets are available in [Section 8.0](#).

Hazardous waste

The Company's operations generate minimal quantities of hazardous waste. Hazardous waste is waste designated as hazardous by applicable laws or regulations in a country, state, region, or locality and may include oils, coolants, organic solvents, batteries, fluorescent light bulbs, and ballasts. Hazardous waste is required to be disposed of in accordance with local environmental regulations by approved suppliers.

Water

The Company is working both internally and externally to minimize and mitigate water risks. The Company has:

- Implemented a corporate [Water Resiliency Policy](#);
- Endorsed the UN CEO Water Mandate; and
- Pledged alignment with Science Based Targets Network's (SBTN) goals and vision and contributing advice and end-user insights to the development of SBTN methods and tools as an SBTN Corporate Engagement Participant.



In FY 2022/23, the Company grew its global philanthropic partnership with Wine To Water (WTW) to provide support and technology for use in the field. The Company sponsored employee volunteer events to enhance access to clean water in Nepal, Colombia, and the Dominican Republic, in addition to promoting awareness at formal events. The Company also worked with Wine To Water to respond to natural disasters by deploying water filters after floods in Pakistan and earthquakes in Syria and Türkiye.



During the FY 2022/23 reporting year, the Company continued to measure and monitor water use and risk. In the Company's direct operations, the primary use of water is for water access, sanitation, and hygiene (WASH) services for employees, contractors, and visitors in its facilities around the globe. Because the Company's primary water use is for employees, water use varies from location to location with its largest manufacturing facilities and the sites with the largest employee headcount, withdrawing and discharging the most amount of water. The Company's water data for the current reporting year is presented in [Section 7.0](#). Annual Verification Statements for its total water withdrawal and discharge are available on the Company's [website](#).

Approximately 99 percent of the Company's water is supplied by third parties. Approximately 99 percent of the Company's water is discharged back to third parties for treatment. The Company's EMS requires sites to characterize their discharges before entering into an agreement with a treatment facility (exceptions may exist for typical sanitary waste), to not discharge constituents for which a treatment facility does not have treatment capability, to update characterization when a site's activities change, and to adhere, as applicable, to the discharge limits of local law, the treatment facility, and any associated permits.

The Company's EMS includes an annual global water target. For the FY 2022/23 reporting year, the target was to maintain per person water withdrawal (volumes not to exceed a 5 percent increase compared to the FY 2021/22 reporting year). The target was achieved through local targets at select sites.

The results of the Company's environmental targets are available in [Section 8.0](#).

The Company requires sites to report environmental incidents, including water-related incidents, through its internal environmental database. During the FY 2022/23, there were no water-related incidents. In addition to internal reporting, the Company's manufacturing facilities undergo periodic audits some of which cover aspects of WASH and water management. For more information on audits at the Company's facilities, see [Section 4.0](#).

While the Company has minimal wet processes, it appreciates the importance of adequate quantities of sufficient quality water to its supply chain partners with wet processes, particularly the semiconductor industry. The Company requires suppliers to adhere to the Supplier Code of Conduct and the RBA Code of Conduct through contractual stipulations, both of which include water-related provisions. The Company uses RBA audits to verify compliance with RBA's Code of Conduct by most suppliers by spend.

For more information on these supplier activities, see [Section 6.0](#).

Water risks within the Company's operational footprint and supply chain are assessed annually using publicly available water risk tools ([World Resources Institute's Aqueduct](#) and [WWF's Water Risk Filter Tool](#)).

In 2022, the Company scored an A- "Leadership Level" on [CDP Water Security](#) questionnaire, which demonstrates leadership in transparency and action on water risk.



2022 Climate A-
2022 Water: A-
2022 Supplier Engagement: A-

For more information about the Company's identification and assessment of water-related risks and opportunities, metrics, and actions, please read the Company's responses to the most recent [CDP Water Security](#) questionnaire.

Environmentally conscious products

Product materials

The Company's corporate-wide environmental standards and specifications require its product designers to consider environmentally conscious design practices to facilitate and encourage recycling and minimization of resource consumption. The Company's priority is to use environmentally preferable materials whenever applicable. In adhering to this precautionary approach, it supports restricting the intentional addition of materials that are potentially concerning when economically and technically viable alternatives exist. These restrictions may also include implementing concentration limits for incidental occurrences.



For materials where economically and technically viable alternatives do not exist, the Company collects data on usage above the defined concentration limit. This data can then be reported to customers or other stakeholders. The Company continues to actively search for environmentally preferable materials that can be used as substitutes and expects its partners and suppliers to demonstrate the same commitment to environmentally sound practices. See the Company's [Materials Management](#) webpage for more information.

The Company restricts the use of environmentally sensitive materials in its products. This includes the prohibition of ozone-depleting substances in all applications; the restriction on the use of persistent organic pollutants (POPs) under the Stockholm Convention; and the elimination of materials covered under European Union (EU) Restriction on Hazardous Substances (RoHS) and Registration, Evaluation, Authorization, and Restriction of Chemicals (REACH), even beyond the jurisdictions where these regulatory requirements exist. The Company's implementation strategy and requirements are consistent with the requirements specified in the EU's RoHS Directive and REACH Regulation.

The Company supports phasing out brominated flame retardants (BFRs) and polyvinyl chloride (PVC) and is committed to driving its supply chain toward this goal. The Company continues to focus on eliminating halogens from its top-selling products and across as many commodities as possible.

The Company has made progress in phasing out halogens in many commodities across several product lines, among its achievements:

- Phasing out completely the use of BFR/ chlorinated flame retardants (CFR)/PVC in all mechanical plastic parts (such as external covers, housings, etc.) across all its products
- Most of hard disk drives, optical disk drives, solid-state drives, LCD screens, memory, central processing units (CPUs), chipsets, and communication cards; and other commodities with offerings meet the International Electronics Manufacturing Initiative (iNEMI) definition⁶ of low halogen

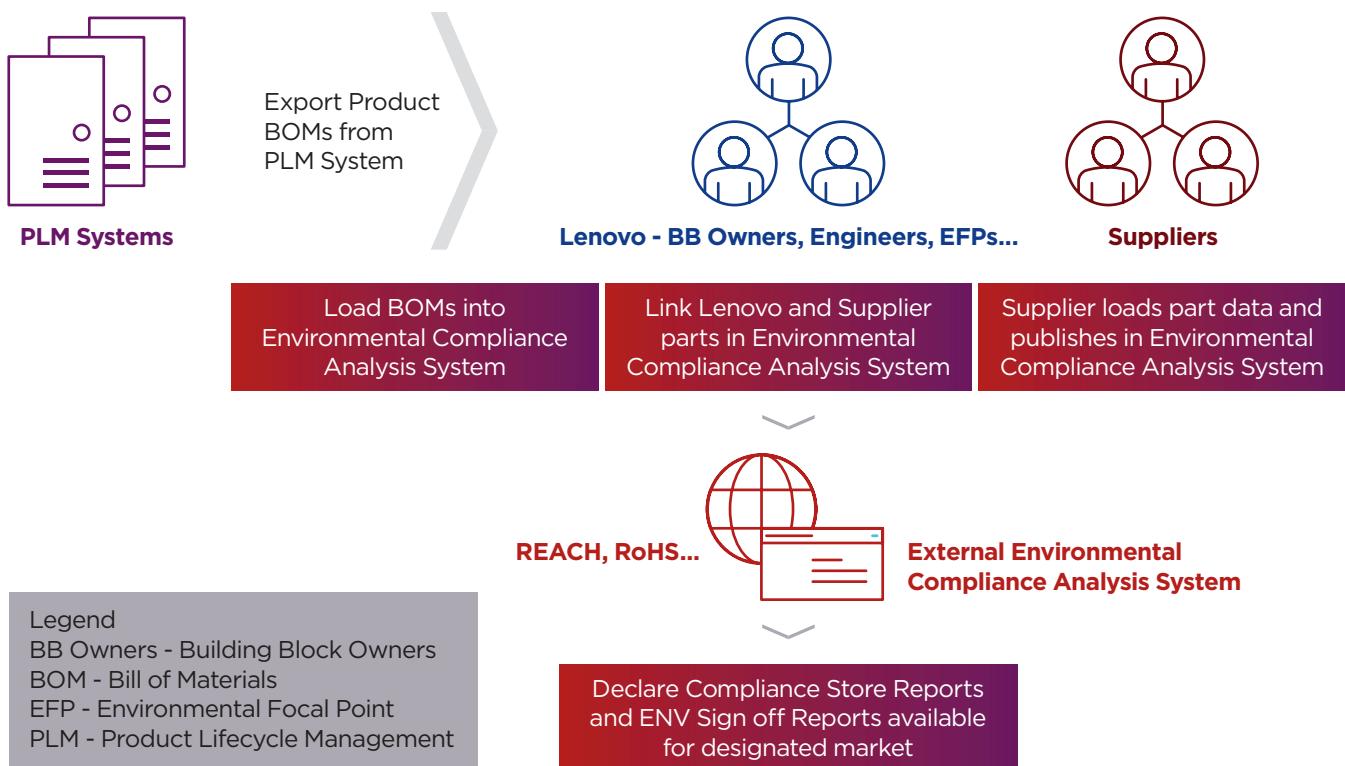
- All commercial notebooks including printed circuit boards (PCBs) meet the iNEMI definition⁶ of low halogen except for cables and wires, AC adapter
- All commercial monitors meet the iNEMI definition of low halogen except for their PCB assembly and cables. Furthermore, some monitors fully meet the iNEMI definition⁶ of low halogen
- All smartphone products are free of BFR and PVC
- Prohibiting the intentional addition of the following pollutants to any of its parts:
 - Polybrominated Biphenyls (PBBs)
 - Polybrominated Diphenyl Ethers (PBDEs)
 - Deca-Brominated Diphenyl Ethers

⁶ *The Company supports the definition of "low halogen" electronics as defined in the "iNEMI Position Statement on the 'Definition of Low-Halogen' Electronics (BFR/CFR/PVC-Free)".*

The Company plans to use additional BFR- and PVC-free parts and materials across the Think and Idea family of products as acceptable alternative materials become available, working toward the goal to phase out the use of these materials across all newly introduced products. The Company continues to work with its suppliers to pilot new BFR- and PVC-free applications. The Company recognizes that the phase-out of these materials is dependent upon the availability of suitable alternatives that meet its technological, cost, quality, environmental, health, and safety requirements.

In addition to the regulated materials, the Company has also identified an expanded list of materials and substances of environmental interest. These substances may be candidates for further restrictions in the future. It holds suppliers accountable for reporting the use of these materials through Supplier Material Declarations. A spreadsheet file containing the Full Material Disclosure (FMD) information, submitted via an environmental compliance analysis system, is the preferred format for confirmation of compliance to the restrictions and for reporting when substances in question are above the specified concentration levels.

The Company's business unit environmental engineers utilize the environmental compliance analysis system to perform a Bill of Materials (BOM) validation to ensure every part number used in building the product has the required supplier information. Once the full BOM compliance verification is complete a detailed compliance summary report is generated to show the internal Company and external legal requirements at the full product level.



Big data set for materials and substances

As of the end of FY 2022/23, the Company's Full Material Disclosures (FMD) system has accumulated an expansive data set of full material disclosure information for the business units. This information serves as a tool that can aid structural design and optimization, analyzing materials and mechanical properties, and improving product reliability.

The Company does not exempt any of its suppliers from providing FMD, though it does allow considerations for confidential information. Less than five percent of component suppliers do not provide FMD, usually for security or intellectual property reasons. The Company will continue its efforts to support FMD and those suppliers who do not provide them are requested to ensure their components' compliance with an acceptable alternate format of materials disclosure, IEC 62474 declaration, test report, or self-declaration.

The Company informs its customers about the environmental attributes of its products and compliance with applicable laws and regulations through an industry-standard IT Eco Declaration form. Declarations for newly released products are posted on the Company's [ECO Declarations webpage](#).

Consistent with its precautionary approach, the Company continuously analyzes the regulatory environment and considers input from its customers, NGOs, and other stakeholders in the evaluation of potential health and environmental impacts of its products. The Company weighs these inputs to determine the restricted substances, as well as the substances of interest to be tracked for reporting and consideration of future restrictions.

Recycled materials

The Company continues to incorporate post-industrial recycled content (PIC) plastics, post-consumer recycled content (PCC) plastics, and closed-loop post-consumer recycled content plastics (CL PCC) and to introduce new materials such as ocean bound plastics (OBP) and recycled metals into its products. These recycled materials are important to the Company's product development strategy and transition to a circular economy. Using these engineered plastics not only saves the natural resources and energy that would have gone into manufacturing new plastics, but also diverts these materials from landfills. The Company's increased use of CL PCC is helping to sustain the demand for plastic materials from IT products. Environmental benefits are achieved while still creating a product that meets the Company's high performance standards.

The Company currently uses PCC in laptops, desktops, workstations, monitors, and accessories and is introducing its closed-loop process in more products each year. In 2022, the Company expanded the use of CL PCC to 298 products, up from 248 products the previous year.

By FY 2025/26, **100%**

of PC products will contain post-consumer recycled content materials.⁷

⁷ Excludes tablets and accessories

Using PCC in IT products presents significant challenges due to the unique structural, performance, and cosmetic requirements associated with these applications. To overcome the continuing challenges of using recycled content in the design and manufacture of smart connected devices, especially notebooks, tablets, and smartphones, the Company's team of engineers works closely with its suppliers to develop and qualify new grades of plastic resins previously unavailable to the IT industry. These materials receive environmental and performance qualifications before their approval and use in their product applications.

For CL PCC, the Company's research and development teams work with material suppliers and a third-party certification authority to build its CL PCC supplier and material process, including the "Approved Recycling Standard," the "Quality Assurance Operation Requirements," and the "Recovery Ratio" to validate their sources of waste and control processes using a hierarchical waste product traceability scheme. Since early 2005, the Company's cumulative total use of recycled plastics in products has reached over 130 million kilograms (gross) containing PIC, PCC, and/or CL PCC, with net PCC of approximately 54 million kilograms and net CL PCC of more than 18 million kilograms.

In 2022, the Company's use of plastics containing recycled content was approximately seven million kilograms (gross) with a net CL PCC of approximately 4.1 million kilograms. While the Company continues to introduce plastics containing recycled content to more and more products, these usage annual numbers have tended to decrease over time which reflects the Company's decreasing use of plastics overall resulting from successful efforts to make products thinner and lighter.

Results of the Company's progress against its recycled content usage targets are available in [Section 8.0](#). The Company's ESG KPIs include recycled content KPIs, for more information see [Section 9.0](#).

In addition to recycled plastics mentioned above, during the FY 2022/23 reporting year, the Company continues to incorporate ocean bound plastics (OBP) and recycled metals in its products. In an effort to reduce ocean pollution, the Company researched and sourced OBP for use in some products. This year, the Company introduced OBP content in the speaker enclosures of ThinkPad L13 Gen 4 and ThinkPad L13 Yoga Gen 4, and speaker enclosures, dummy smart cards, and dummy SIM covers of the ThinkPad L14 Gen 4, and ThinkPad L15 Gen 4.



Recycled metal usage also supports the transition to a more circular economy. Recycled metal usage helps reduce mining and consumption of natural resources and has potential energy and emissions savings. In FY 2022/23, the Company expanded the use of recycled aluminum and magnesium to more notebook products, including but not limited to, 75 percent recycled aluminum for the A/C covers of the ThinkPad Z13 Gen 2 and ThinkPad Z16 Gen 2, and 50 percent recycled aluminum for the A cover of the Yoga 6 Gen 7, and 90 percent recycled magnesium for the A/C/D covers of the ThinkPad X13 Yoga Gen 4.

Many products contain different kinds of recycled and sustainable materials. The ThinkPad Z13 Gen 2 contains 55 percent recycled aluminum in the D cover, 75 percent recycled aluminum in the A cover with an optional bio-based flax material cover, 90 percent PCC plastic in the battery enclosure, speaker enclosure and AC adaptor.

In 2022, the Company's use of plastics containing OBP was approximately 10,800 kilograms (gross) with a net OBP of approximately 540 kilograms.

Milestones for the Company during the past five years in recycled content usage includes:

2022	<ul style="list-style-type: none">• Expanded the use of CL PCC to 298 products• Qualified 95% CL PCC, 97% PCC and 98% PCC recycled plastic to support product higher post-consumer recycled content• Introduced 100% recycled aluminum for tablet products
2021	<ul style="list-style-type: none">• Expanded the use of CL PCR to 248 products• Introduced Ocean Bound Plastics in five products• Introduced recycled aluminum in three products and magnesium in one product
2020	<ul style="list-style-type: none">• Expanded the use of CL PCR to 103 products, up from 66 products the previous year• Began using CL PCR in a server application for the first time in the Company's ThinkSystem SR950
2019	<ul style="list-style-type: none">• Expanded use of CL PCR to 66 additional products• 1st Use of CL PCR in Lenovo notebook application (X1 Carbon 7th Generation)• Desktop and visual models with >25% CL PCR by total product weight
2018	<ul style="list-style-type: none">• Qualified new grades of CL PCR for additional resin chemistries and suppliers• Expanded use of CL PCR to 21 products (added keyboards)

Product energy efficiency

Product energy efficiency remains a core focus for the Company. To ensure that it is adhering to existing and proposed global IT product energy efficiency policies and regulations for current and future technology, the Company collaborates with original equipment manufacturers (OEMs) and industry stakeholder workgroups. The results of these efforts are leveraged to develop leading-edge products with improved operating efficiencies.

The Company actively manages its response to ongoing energy-related regulatory activities such as updates to emerging protocols and regulations, and industry-related standards, including:

- ENERGY STAR® program specifications
- US Department of Energy (DOE) Appliance and Equipment Standards
- California Appliance Efficiency Program requirements
- China Energy Label (CEL) and China Energy Conservation Program (CECP) Standards
- EU Ecodesign (ErP) requirements

In 2020, ENERGY STAR® implemented a new Computer Specification version 8.0 covering desktop and all-in-one (AIO) PC products. This new specification defines energy efficiency performance metrics based on the top 25 percent of PC products available on the market with a focus on enhancements and incentives relative to full network connectivity, internal power supply (IPS) efficiency, and Energy Efficient Ethernet (EEE).

To further improve product energy efficiency for desktops, workstations, and servers, the Company certifies the energy efficiency of many of its internal power supplies through [CLEARresult Plug Load Solutions' 80 Plus program](#). This external certification establishes requirements for internal power supplies through independent testing and verification of the program's rated efficiency criteria, such as Bronze, Silver, Gold, Platinum, and Titanium. Certified systems with internal power supplies (desktops, workstations, and server products) with this certification are significantly more energy-efficient than other systems equipped with typical power supplies. The Company's servers also utilize 80+ Titanium Power Supply Units (PSUs), Central Processing Units (CPUs) P-state cooperative (voltage/frequency) control, CPU Voltage Regulator Device (VRD) auto-tuning and have transitioned to newer VRD technology with lower losses to enhance and maximize energy efficiency.

By FY 2029/30, we will achieve 50% improvement in energy efficiency of Lenovo desktops⁸ and servers.⁸



By FY 2029/30, we will achieve 30% improvement in energy efficiency of Lenovo notebooks⁸ and Motorola products.⁹

⁸ Energy efficiency improvement on average for comparable products relative to FY 2018/19

⁹ Energy efficiency improvement on average for comparable products relative to FY 2020/21

Through its product development process, the Company requires its products to meet energy efficiency and performance requirements in various markets, including – but not limited to – US, China, Japan, and Europe. Many of the Company's notebooks, desktops, servers, and monitors meet and often exceed the current ENERGY STAR® requirements. In 2022, five Company monitors were recognized as "ENERGY STAR Most Efficient." The ENERGY STAR® Most Efficient list highlights products utilizing the latest in technological innovation to deliver cutting edge efficiency and represents the very best for energy savings and environmental protection. The Company's ENERGY STAR® qualified models are listed on the [ENERGY STAR® website](#). For more information about the Company's energy-efficient products, see its [Product Energy Efficiency webpage](#).

In support of the Company's commitment to lower GHG emissions, science-based targets were established to reduce emissions associated with the use of sold products per comparable products (for notebooks, desktops, and servers). Product Development Teams are actively investigating and implementing technical enhancements to support power efficiency improvements and track annual performance against the prescribed targets.

Product energy management features

The Company offers innovative tools that allow better control of PC and server power consumption, calculate energy savings, and report on the management of energy performance, IT equipment, and devices.

PC tool	Benefit
Lenovo Settings (Windows)	An application that provides power management features, such as Connected Standby for the user.
Adaptive Thermal Management	Adjusts system power and fan speeds based on ambient levels.
Active Directory and LANDesk®	Supports remote deployment of power schemes and global settings to allow administrators the ability to control and enforce ThinkPad energy savings company-wide.
EasyResume	Provides quick recovery from computer lid close, balancing low power state by suppressing CPU usage at lid close.
Intelligent Cooling	Balances thermal performance to adjust settings to provide a cooler surface for comfort while optimizing product energy.
Energy Saving Power Supply Unit (PSU)	The PSU turns off the internal fan when the system detects the power load is low and saves energy consumption.
Smart Power (Monitors)	A power and energy management feature that dynamically detects and optimizes the distribution of power. Example: If there are multiple devices plugged into a monitor like a smartphone, a laptop, or other USB-powered peripheral – the monitor will gauge how much power each of them needs and adjust according to the requirement.

Durability and repairability

Keeping a product in use for longer is an important aspect of circular economy and reducing climate impact. The Company designs its products to maximize its product lifecycle by focusing on durability and repairability.

To help keep products in use, the Company offers three-year standard warranties and five years of replacement parts availability on many of its top-selling commercial products. Three-year warranties are offered as the base warranty on many top-selling Think branded products, including monitors, notebooks, desktops, and others. In addition, customers can purchase warranty upgrades to extend the base warranty by one or two years for many products. Base warranties for consumer products vary by product type and geography but typically start at one to two years for the base warranty with the option for customers to purchase an extended warranty for many products.

In addition to the warranty offerings, the Company makes available service and maintenance manuals for many products along with parts removal and replacement videos. Customers can source spare parts from the Company or its authorized partners. The Company's serviceability engineers are focused on minimizing the interruption to customers during repair and maintenance and consider the products' eligibility for onsite repair as an indicator for ease of repair.



For more details, see the Company's [Warranty and Maintenance Services webpage](#). The Company's ESG KPIs include a repairability KPI, for more information see [Section 9.0](#).

The Company is continuously designing innovative features for its products to help extend their useful life. For example, its battery technology extends notebook battery cycle life through key technologies, including:

- Increased use of lithium polymer cells: Used in notebooks and tablets with embedded batteries, these cells typically provide longer life cycles than lithium-ion cylindrical cells.
- Longer lifespan batteries:
 - Many of the Company's embedded batteries are designed to last two to three times longer than standard batteries. It offers three-year warranty upgrades on many embedded batteries. The longer lifespan is made possible with carefully selected cells and charge algorithms.
 - In July 2021, the Company began working with a battery manufacturer to develop a mobile battery with a longer life of 1,200 cycles (up from 800 cycles).

Product carbon footprint

The Product Carbon Footprint (PCF) or Global Warming Potential (GWP-100) has become a key product attribute for the Company and customers. Knowing the PCF of a product allows customers to better understand the environmental impact of the products they purchase.

To provide the Company's customers with PCF values for the broadest set of products, the Company continues to utilize the [Product Attribute to Impact Algorithm \(PAIA\)](#) platform to calculate streamline life cycle assessments of desktops, notebooks, tablets, and workstation computers as well as monitors, servers, storage, and network switch products.

With a suite of simplified online tools, PAIA delivered a methodology for information and communications technology (ICT) product footprints which originated from a multi-stakeholder initiative of ICT companies that shared insights and best practices.

The Company's participation in PAIA is helping to drive a sector-wide streamlined methodology that will be key to transforming ICT companies into sustainable businesses.

Using PAIA tools to calculate product footprints has significantly reduced the time and cost of calculating environmental footprints for its products. The quality and accuracy of the calculations allow the Company to confidently communicate this information with customers and other stakeholders. The Company shares these results with enterprise customers and publishes them publicly as PCF information sheets. PCF sheets for specific products can be found on the Company's [ECO Declarations webpage](#).

The Company's product life cycle assessment (LCA) system is based on the ICT industry eco-design requirements that analyzes the product's full life cycle and design process to help provide products with less environmental impact to the market. Its product LCA system utilizes the ICT product footprint tool which assesses the core product design and manufacturing plan by using a scientific and quantitative configuration that supports improvement initiatives. In addition to products, the Company is working to expand this exercise to include materials and technologies. In 2022, the Company conducted eight LCAs for notebooks, displays, recycled plastic, recycled metal, and other technologies. The notebook and display products for which LCAs were conducted are the ThinkPad T14 Gen3 notebook and P27q-30 display.

While there are other voluntary standards available to guide practitioners in compiling PCF, these standards are not designed to establish comparative values between products. The degree of flexibility written into the standards can produce variations in results for the same products when the same standard is applied by different practitioners. Compiling PCF using these standards is also a very lengthy and resource-intensive process. Other commonly used standards include the British Standards Institute's PAS 2050, WRI/WBCSD's GHG Protocol Product Lifecycle Accounting and Reporting Standard, ISO 14040, ISO 14044 – Life Cycle Assessment (LCA), and ISO 14067 – Carbon Footprint of Products.

Ecolabels from around the globe

The Company pursues ecolabels for many of its products. Selected products have achieved one or more of the following ecolabels:



**Most Efficient
2023**
www.energystar.gov



Packaging

Packaging has been identified as a significant environmental aspect under the Company's EMS. Its packaging priorities focus on reducing its packaging consumption, waste, and carbon emissions levels by:

- Increasing the use of recycled and renewable materials in packaging
- Increasing the use of bio-based materials
- Reducing the size of product packaging
- Expanding the use of bulk and reusable packaging solutions

In FY 2022/23, the Company's packaging objective was to minimize the consumption of packaging material while driving the use of environmentally sustainable materials. The Company is intent on reducing the size of its packaging to minimize the materials used while maintaining adequate protection for its products.

The Company supports the above objective with a target to transition packaging to recycled materials or renewable materials, especially the plant-based bamboo or sugar cane fibers. The use of bamboo or sugar cane fibers in select products marked the launch of a new era of eco-friendly packaging offerings for the Company, while also enhancing customer experience. Bamboo fiber has many favorable features, including:

- Sleek and robust design
- Lightweight
- 100 percent rapidly renewable

The Company's packaging program requires all corrugated container packaging supplied to be a minimum of 70 percent post-consumer fiber content and requires suppliers to use the maximum available PCC where adequate supplies exist without compromising required packaging performance characteristics, while the printing on boxes is done via flexography with water-based, non-toxic, RoHS-compliant inks. In addition, the Company's packaging program requires the use of Forest Stewardship Council (FSC) certified fibers in liners for all ThinkPad products and select consumer notebooks when virgin fibers are used.

Since 2008, the Company has eliminated¹⁰ 4,137 metric tons of packaging consumption by weight. In FY 2022/23 alone, the packaging team reduced¹⁰ packaging consumption by 400 metric tons.

¹⁰ These numbers reflect packaging innovations that resulted in reduced packaging weight for individual products. See [Section 7.0](#) for additional metrics about total packaging use by year.

In its operations, the Company uses reusable bulk packaging for the transportation of chassis to manufacturing locations.

Leading the way in innovative packaging

At the Company, packaging isn't just a way to get finished devices from the manufacturing facility safely into the customers' hands. It is an opportunity for the innovative packaging engineers and designers to consider innovations that could help reduce the environmental impact of packaging and logistics.

Bamboo fiber gift box

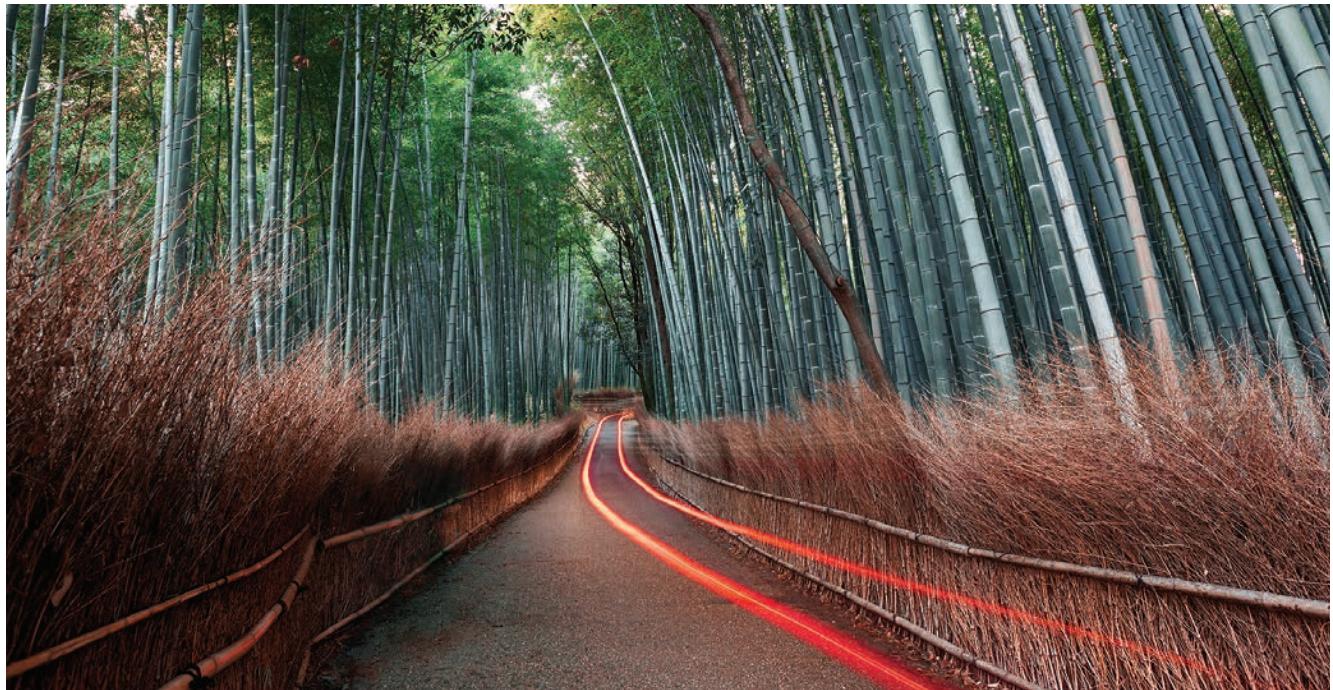
The Company began using bamboo fiber in 2012 as packaging cushions. In 2022, a brand-new bamboo gift box was introduced to ThinkPad X1 and Z series. It is made from 100 percent renewable bamboo fiber and the box weight is effectively reduced by 30 percent compared to the previous gift box.



ThinkPad Z13 with bamboo gift box

All PC boxes contain at least 70 percent old corrugated containers¹¹ (OCC) recycled content.

¹¹ OCC contains both PCC and PIC contents



Ocean bound plastic

Plastic pollution has negatively affected the ocean's ecosystems and the marine animals who reside there. In 2019, the packaging team began researching the possibility of using ocean bound plastic (OBP) in product packaging. Based on repeated test results, the packaging team determined a mix of 30 percent OBP with 70 percent other recycled plastic had the best performance. The Company launched the first packaging cushion containing OBP (30 percent OBP and 70 percent other recycled plastics) in ThinkPad L14 packaging. In FY 2022/23, the Company expanded the use of OBP to new ThinkPad L series, select desktop/AIO and consumer notebooks as packaging cushions or system bags. Through these applications, the Company estimated it will use 130 to 140 metric tons of ocean bound plastic per year.



ThinkCentre Neo 30a Gen3 with 30% OBP bag

Plastic-free packaging

The Company aims to eliminate plastic materials from product packaging. The ThinkPad X1 and Z series packaging are pioneers towards this ultimate target. By combining bamboo fiber technology with other innovative materials, the packaging team has accomplished plastic-free packaging on ThinkPad X1 and Z series. As a result, the Company eliminated 192 metric tons of plastic in packaging.



ThinkPad Z13 with plastic-free packaging

Results of the Company's progress against its packaging targets are available in [Section 8.0](#). The Company's ESG KPIs include packaging KPIs, for more information see [Section 9.0](#).

Product end-of-life management (PELM)

The Company's Product End-of-Life Management (PELM) program is an important part of its efforts to support a transition to a circular economy, as it supports the reuse and recycling of products and parts. The PELM program also supports the elimination of end-of-life electronic products being disposed of in landfills and includes the practice of reuse, refurbishing, de-manufacturing, dismantling, reclamation, shredding, recycling, treatment, and disposal of products, parts, and peripherals when they are taken out of service, reach end-of-life, or are scrapped. This program covers Company-branded and non-branded products owned by the Company or accepted from customers and others (including customer returns or take back). The Company has made available the [Electronics End of Life Standard](#) for suppliers with details about the Company's PELM supplier requirements and the industry-standard certifications it promotes.

Product take-back programs

As a global business, the Company offers end-of-life recycling and management programs for both consumer and business customers in many major markets. These product take-back programs (PTB) are tailored to the specific location and business needs and include programs for recycling products as well as packaging and batteries in many geographies. Customers can obtain information about the Company's recycling programs on its [Recycling webpage](#).

For its business and enterprise customers, the Company offers Asset Recovery Services (ARS) globally to manage the disposition of IT assets and data center infrastructure. Customers can access information about the Company's global ARS program at its [Asset Recovery Services webpage](#).

Product and parts management

The Company strives to maximize the value and potential reuse of excess, returned, and obsolete products and parts across its business and manufacturing operations, repair network, and channel partners. Through reverse supply chains, these products and parts are kept in circulation as-is or after refurbishing and the Company can potentially avoid having to manufacture new products and parts.

Management of PELM suppliers

The Company maintains a program to help ensure that recycling, disposal, and disposition of end-of-life products owned by the Company or returned by customers is accomplished in an environmentally conscious and legally compliant manner. This program includes:

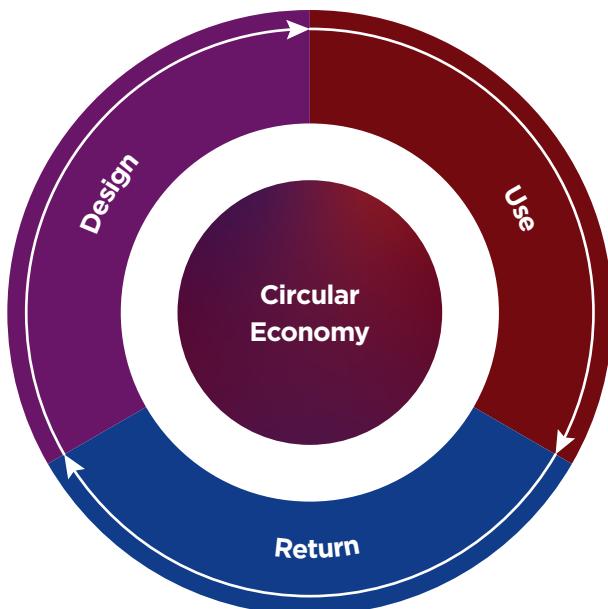
- Supplier completion of the Company's initial supplier audit or evaluation form declaring their processing capabilities and controls, management systems for quality, environmental, health and safety, legal compliance, downstream facilities disclosures, and evaluation criteria,
- The Company's environmental audit or evaluation of facilities and suppliers' processes prior to use with documentation of audit findings and recommendations in a final report,
- Review of all audit or evaluation documentation and recommendations by its Geographic Environmental Focal Points and final approval by the Company's Director of Environmental, Sustainability, and Compliance,
- Database of all the Company's audited and approved PELM supplier facilities by geography with approved services for use by all the Company organizations, sites, and programs worldwide,
- The Company's supplier contracts with specific environmental terms and conditions related to expected environmental performance and reporting,
- Suppliers in scope include ARS suppliers, legal and voluntary product take-back providers, dismantlers, recyclers, refurbishers, disposal, and other related vendors. The Company's Electronics End of Life Standard for Suppliers sets guidelines that all recovered products and parts to be data wiped, refurbished, tested for function, labeled as refurbished, and resold where they will be used as originally intended without further refurbishing before use. The standard also requires suppliers to use Company-approved recyclers for the disposition of non-working products and parts and waste generated from their refurbishing processes and prohibits the shipment of hazardous waste to non-Organization for Economic Cooperation and Development (OECD) countries.

Recovery and recycling trends

As customers continue to have considerable interest in the Company's recycling programs, its continual improvement activities include searching for opportunities to maximize reuse and recycling. Results of the Company's progress against its PELM targets are available in [Section 8.0](#). The Company's ESG KPIs include recycling or reuse KPIs, for more information see [Section 9.0](#).

Circular economy

With a vision for a net-zero future, the Company knows the transition to a circular economy is critical. Collaboration and credibility are important to the Company during its net-zero journey and advancing a circular economy. To help scale circular economy solutions in the IT industry, the Company joined the [Circular Electronics Partnership](#) to collaborate with the technology industry, suppliers, and stakeholders. The Company's vision to deliver smarter technology for all extends to its circular economy practices that include Smarter Circular Design, Smarter Circular Use, and Smarter Circular Return activities.



During the design phase, important decisions are made that can help improve circularity and the Company is continuously evaluating design decisions that can help reduce environmental impact. The use of recycled and sustainable materials is an important aspect of the circular economy on which the Company focuses.

New recycled materials are being researched and introduced into products. By FY 2025/26, the Company plans to include PCC plastic in 100 percent of its notebook computers, desktop computers, workstation computers and monitors. Since last fiscal year, the Company has expanded the types of components that contain CL PCC and PCC plastics as well as increased the usage of recycled aluminum, magnesium, and ocean bound plastic. Since 2008, the Company has used recycled plastic in products and is on track to meet its target of using over 136 million kilograms of PCC plastic by FY 2025/26.

The Company's circular design decisions extend to its packaging as well. The Company is increasing its use of recycled fiber, recycled plastic and sustainable materials in packaging including bamboo, sugarcane and sustainably forested fiber. The Company has a goal that by FY 2025/26, 90 percent of plastic packaging will be made from recycled plastics for notebook computers, desktop computers and workstation computers. The Company has additional goals for smartphone product packaging, 60 percent of the materials will be recycled content and single use plastics will be reduced by 50 percent by FY 2025/26.

The Company can help advance a circular economy by optimizing the use of its products and parts. Improving the energy efficiency of the Company's notebook computers, desktop computers, servers and smartphones is the Company's goal. To extend the life of its products, the Company offers support and service options as well as other managed services. The Company has a goal that by FY 2025/26, 84 percent of repairs can be done at the customer site, without having to send their PC to a service center. The Company is keeping repairable parts in use longer and has a goal that by FY 2025/26, at least 76 percent of repairable parts will be repaired for future use. The Company offers enterprise customers second life data center products through its Lenovo Value Recovery business.

While the Company continues to expand its use of CL PCC from IT equipment, the circular return of IT products into the recycling systems and supply chain is essential. The Company offers consumers and commercial customers product return programs to keep the products and materials in circulation. Commercial customers need reliable and secure solutions to manage their technology at the end of life. The Company's Asset Recovery Services maximizes value of IT and enterprise hardware. The Company also offers consumer recycling programs in major markets. Since 2008, the Company has enabled the recycling and reuse of IT equipment and is on track to meet its target of more than 362 million kilograms of IT products recycled and reused by FY 2025/26.

The Company's ESG KPIs include KPIs that support a circular economy, for more information see [Section 9.0](#).

Environmental highlights

Song of the River

In 2022, the Company began a project to use its smarter technology to help enhance biodiversity. The Company's efforts initially focused on the Yangtze River Finless Porpoise, a species whose name is derived from its home in Asia's longest river, the Yangtze River. The finless porpoise has been classified as "critically endangered" by the World Wildlife Foundation with a remaining population of only about 1,000-1,800.

After meeting with the Tian'ezhou Baiji Dolphin Nature Reserve (the Reserve), the Company recognized that while the Reserve housed more than 100 finless porpoises, it did not have the technology resources to monitor and store the population's activity data. The data is critical to the Reserve's efforts to learn from and protect the species from endangerment. In response to this need, the Company launched an intelligent solution to provide stronger data measurement and storage for the Reserve. The effort included extending the data storage time from one month to one year, developing a data management platform, and unifying the electronic and written data originally scattered in various places to one platform for management. The Company also provided a smart screen for the conservation team to better visualize the data provided.

With this innovative technology, the Company committed to creating a data pool for finless porpoise protection, which will not only help improve the efficiency of the Reserve, but also provide reference for scientific research on finless porpoise protection to help formulate better government policies for the protection of the species. Currently, China's Ministry of Agriculture and Rural Affairs is able to measure the finless porpoises population every five years.

The project later led to an exhibition and a four-episode documentary series called "Song of the River," in partnership with the Chinese National Geography Channel and Shanghai Natural History Museum. The exhibit highlighted four endangered animals of the Yangtze River: the finless porpoise, bar-headed goose, black-and-white snub-nosed monkey, and raccoon dog native to Asia. The first-of-its-kind initiative for the Company included an interactive sound recording experience of the river's ecosystem, videos, photos, and the "Song of the River" themed documentary series on the Chinese National Geography Channel. The Company is committed to exploring ways that innovative technology can be used to help understand, celebrate, and protect biodiversity in the Yangtze River and beyond.



Climate action in China

In the past year, the Company has demonstrated strong leadership around the world in its approach to ESG. As a global technology company with Chinese heritage and presence, the Company recognizes its opportunity to lead and influence sustainable industry transformation in China and beyond. Below are examples of the Company's efforts to standardize and set a benchmark for sustainability practices in China.

Embracing carbon neutrality on the journey to net-zero

In 2022, the Company released the “2022 Carbon Neutrality Action Report of the Lenovo Group.” In the report the Company shared its emissions reduction strategy through a four-part framework: proactively developing a dual-carbon strategy to mitigate emissions; adopting the Task Force on Climate-Related Financial Disclosures (TCFD) framework to improve standardization of emissions information disclosure; sharing a comprehensive action plan for the journey to net-zero that integrates the Company, its suppliers, its employees, and the environment; and innovations that are enabling the Company’s vision for a smarter, more sustainable future.

In addition to the Carbon Neutrality Action Report, the Company took additional steps to measure and help neutralize emissions in its operations. First, the Company achieved a carbon neutral status for its Beijing headquarters office building. The achievement was made in alignment with the China Energy Conservation Association’s “Zero Carbon Civil Building Evaluation Standard” launched in December 2022. As part of this effort, the Company created a total carbon neutrality solution for the green buildings sector and received certification for the carbon neutral building from the Beijing Green Exchange.

Setting the standard for sustainability in China

FY 2022/23 brought numerous steps forward for the Company’s pursuit of sustainable manufacturing initiatives. In 2022, the Company was proud to be part of the standardization for low carbon manufacturing in China, serving as an industry representative to test and establish the group standard for the China Electronics Standardization Institute (CESI). The Company was able to help lead the industry toward sustainability by contributing to the drafting and formulation of the first zero-carbon factory standard for the ICT industry, launched in September 2022. Known as the “General Specification for the Evaluation of Zero-carbon Factories,” the standard evaluates various aspects of manufacturing emissions. In December 2022, the Company’s Wuhan location achieved the distinction of being the first factory in China’s ICT industry to be recognized for its sustainability goals by CESI under the new standard.

Efforts were further recognized when in January 2023, the World Economic Forum included the Company’s Hefei factory as a “lighthouse factory,” a community of manufacturers showing leadership in using Fourth Industrial Revolution technologies to help transform factories, value chains and business models.

Innovating for sustainable manufacturing and logistics

Across the business, the Company is working to accomplish smarter, more sustainable manufacturing. Sustainable manufacturing initiatives are being taken across Lenovo's owned factories and operations. In June 2022, the Company opened a new factory in Budapest, Hungary that not only strengthened its global manufacturing resiliency, but embedded sustainability into its manufacturing operations.

Covering almost 50,000 square meters across two buildings and three floors, the new site is one of Lenovo's largest and smartest manufacturing facilities. The production line can produce more than 1,000 servers and 4,000 workstations a day – each one built specifically to customer requirements. With the capacity to build and where applicable, ship a higher number of devices for local use per delivery, less shipments and associated freight miles can help reduce emissions.

The factory has embedded practices that can help reduce energy consumption and related emissions such as outfitting the factory's roofs with solar panels and installing lighting with motion detectors. Heat generated from areas of the production house is rerouted to keep the manufacturing space warm. While in winter, the same space will use cold air from outside the factory to cool it down – a process known as air-side free cooling.

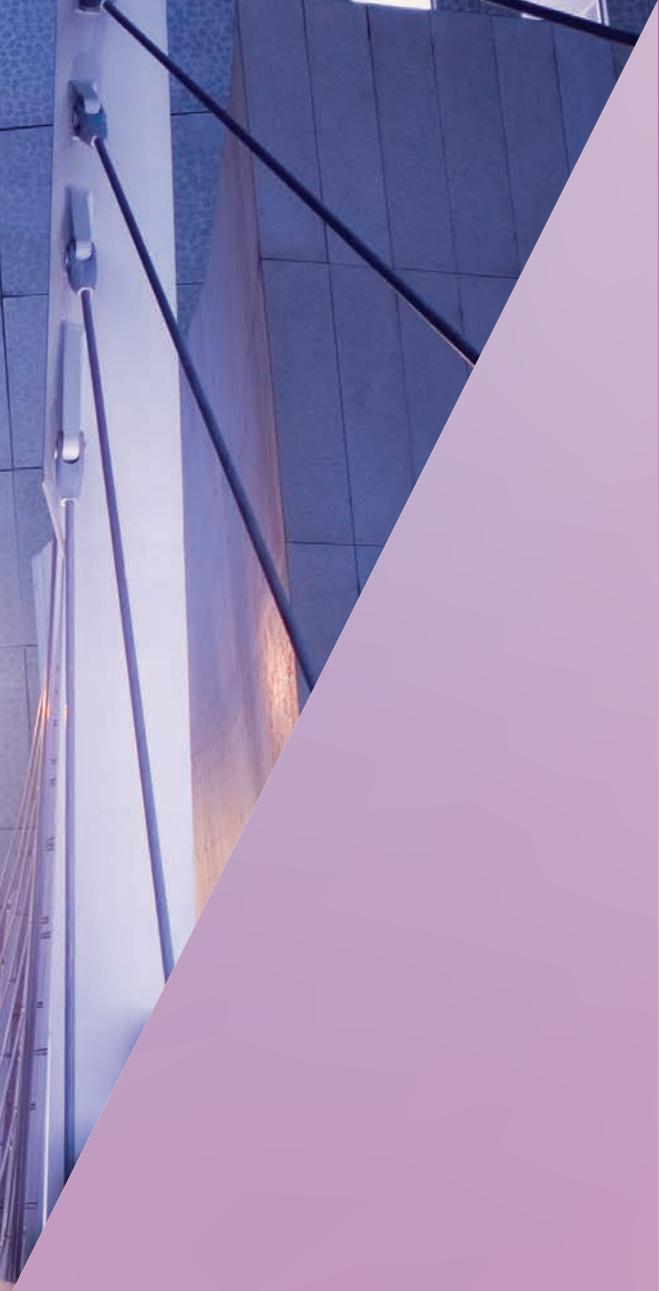
Aside from structural sustainability considerations, the Company is taking additional considerations to help increase sustainability. The factory will serve as a hub for the Lenovo Value Recovery program which aims to extend the useful life of hardware and may help reduce e-waste by offering refurbished servers and spare parts to customers. The Company has also been providing free shuttle buses for employees to take to the factory, providing an alternative to employees who travel to the facility independently.

Finally, the factory's location in Europe is helping to decrease emissions. With the capacity to build 5,000 devices for local use, freight miles are reduced for products to be shipped to customers, resulting in reduced emissions and working to provide faster delivery of products to customers.

In 2022, the Company expanded added initiatives that can help reduce emissions from global logistics. The Company initially began a partnership with DB Schenker and Lufthansa, increasing the use of sustainable aviation fuel for flights from China to Europe. Next, the Company considered ocean freight shipments, increasing its use of more sustainable fuel options with Maersk's ocean freight shipments. After harnessing the innovations of more sustainable fuels in its own logistics, in 2023 the Company began providing customers with options to elect options with increased sustainability as part of the Company's sustainability services offerings.

By investing in increased sustainability in its manufacturing and logistics, Lenovo is working toward a smarter, more sustainable future for all.





4.0 Social

- 44 Labor practices
- 45 Health and safety
- 51 Diversity and inclusion (D&I)
- 59 Training and development
- 61 Global philanthropy
- 63 Social impact highlight

4.0 Social

Labor practices

The Company's Human Rights policy communicates its respect for human rights and how it extends those rights to employees and business partners. As a signatory of the UNGC, the Company's practice is to uphold and support the protection of internationally proclaimed human rights. The Company does not permit the use of child labor, forced labor or coercion, including physical punishment, in any of its operations. The Company's Human Rights policy is committed to the following practices:

- Conduct business in accordance with the United Nations Declaration of Human Rights and the principles of the UNGC and extend those requirements to all suppliers doing business with the Company.
- Perform due diligence across the value chain to identify risks and avoid complicity in human rights violations.
- Provide access to grievance mechanisms, investigate allegations, and escalate known cases of human rights abuse to senior leadership.
- Integrate training and accountability for respecting human rights across the business.
- Engage internal and external stakeholders to address common challenges and advance human rights practices through continuous improvement.
- Operate legally and ethically in each country where it does business.

WE SUPPORT



All of the Company's corporate strategies, practices, and guidelines as well as supplier requirements must support this commitment to human rights. In addition as a signatory of the UNGC, the Company upholds the human rights, labor and other principles of the UNGC, including Principle 3 regarding freedom of association. The Company is not aware of any cases of child labor or forced labor at its facilities. Concerns about possible human rights violations must be reported to the Company's management who shall take prompt corrective action. More information is available in the Company's [Human Rights Policy](#).

The Company is determined to ensure that the working conditions at its locations are safe; workers are treated with respect and dignity; operations are environmentally sound; and business operations are conducted responsibly and ethically. The Company aims to raise awareness by engaging with the Responsible Business Alliance (RBA). As of FY 2022/23, all company-owned manufacturing sites (not including new locations with less than one year of labor data) have undergone audits by independent auditors using the latest version of the RBA Standards, which are based on the International Labor Organization (ILO) Standards and include a review of child labor and forced labor processes at each facility that is audited. The auditors also review employee files and conduct individual and group interviews.

Labor practices are also evaluated as part of the scope of two main processes within the Company's business management system. These include the Company's global risk registration process as part of its Enterprise Risk Management (ERM) and the ESG reporting materiality assessment. The detailed processes may vary by market and are based on local laws.



Health and safety

The Company's manufacturing business model combines joint-venture (JV) partnerships, company-owned manufacturing, and original design manufacturer (ODM) capacity. This hybrid model provides a competitive advantage that allows the Company to bring innovations to market faster while maintaining control over product development, supply chain operations, and ESG impacts. This model also provides a means to tailor its global manufacturing operations and products to regional markets.

The Company adheres to world-class standards for workplace safety through its Occupational Health and Safety (OHS) Management System. The Company's global manufacturing locations are ISO 9001:2015 (Quality), ISO 14001:2015 (Environmental), and ISO 45001:2018 (OHS) certified by an accredited third-party auditor. As required by these internationally accepted standards, the management of objectives and targets at each certified facility continually foster a safe and healthy work environment for employees.

The OHS Management System is also evaluated in the scope of the Company's global risk registration process as part of its ERM program which is designed to enable effective and efficient identification, and management's visibility into critical enterprise risks, including health and safety. Through a process of planning, education, controls, performance evaluation, and continuous improvement, health and safety programs are assimilated throughout the Company's global manufacturing footprint.

Each manufacturing and development facility reports the number of industrial injuries, illnesses, and lost days each month to the Global OHS Team as part of their KPIs.

While the Company is committed to fostering a healthy and safe work environment for its employees and contractors through a prevention-first approach, regrettably, the Company is saddened to report a fatal incident that occurred in its Monterrey location during an expansion construction project in July 2022. The incident involved a sub-contracted worker employed by a vendor who was providing the Company with construction services.

The project ceased immediately subsequent to the incident and was followed by a thorough investigation, a review of existing controls and procedures, and identification and implementation of enhanced preventative measures. The investigation showed that root causes of the incident included the sub-contractor's non-adherence to safety protocols. To prevent reoccurrence of similar incidents in the future, the Company revisited its safety risk assessment, health and safety awareness communication programs, mechanisms to ensure on-site contractors' adherence to the Company's safety procedures, opportunities to enhance prevention efforts and actions towards effective and continuous monitoring of relevant progress and results. The Company's recordable injury rate and days away from work rate data is available in [Section 7.0 Consolidated Metrics](#) of this report.



Compliance management

The Company has established a process with assigned responsibilities for identifying and evaluating compliance with national, provincial, and local OHS legal and other requirements. Each manufacturing site of the Company must research and establish an inventory of applicable OHS legal and other requirements, and update this inventory regularly. Compliance with these requirements is regularly evaluated and mitigation action is carried out when necessary. These applicable requirements are considered as the Company establishes, implements, maintains and continually improves its OHS management system.

Applicable OHS legal and other requirements are categorized in accordance with how these requirements impact actual operations and functions performed at the Company. These operations and functions have been broken down into different categories, which include but are not limited to: Workplace Safety, Hazard Chemical Safety, Electrical Safety, Fire Safety, Process Safety and Risk Assessment, Health Services, and Emergency Response.

Hazard identification and risk assessment

One of the characteristics of the OHS management system is risk-based thinking, hazard identification and risk assessment is always important input for work-related injury, ill health prevention, and operational controls. The Company has implemented comprehensive hazard and risk identification program that assesses the activities and projects throughout its operations. The program provides a detailed process to identify health and safety risks and the associated impacts, suggested corrective actions, tracking necessary responses, and communicating how the challenges were addressed. This practice helps to establish effective health and safety measures and protects against work-related injuries by identifying if actions are needed as a precaution.

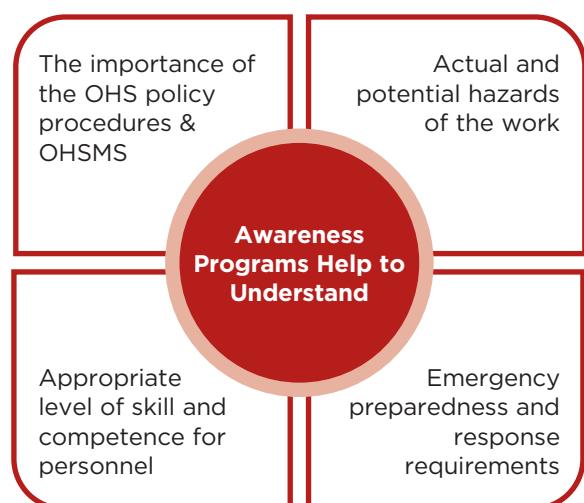
In FY 2022/23, the Company's initiatives included the annual hazard identification and risk assessment program and some specific risk assessment (e.g., machine guarding hazards identification program), safety pre-evaluation and occupational health pre-evaluation for new factories, risk assessment to changes, and continuous hazard identification award program at locations, etc.

Health and safety awareness and communication

The Company fosters a philosophy that values a health and safety culture. Employee participation is essential to the success of health and safety management. Employee awareness is carried out through online tools (e.g., e-learning), classroom trainings, knowledge promotion emails, and promotion activities such as Safety Month, and ESG week. The objective is to ensure that all personnel understand:



- The importance of the OHS policy, procedures and the OHS management system, and their roles in achieving the policy and maintaining the OHS management system;
- Actual and potential hazards of the work being performed, potential consequences of deviating from procedures, and benefits of improved personnel performance;
- Emergency preparedness and response requirements;
- Appropriate level of skill and competence for personnel whose work can create a significant health and safety hazard risk.



Prevention and control

The Company's health and safety program incorporates a prevention first approach. Health and safety standards are incorporated at the earliest stage in the life cycle of a facility and during non-routine tasks and projects. The Company's 'Prevention Through Design' process provides a safety precaution roadmap to support the manufacturing sites during new equipment installations and includes a change management process for locations that are integrating new technology, engineering, services, and materials as a proactive measure to help prevent work-related injuries.

Besides, the Company's 'Operational Planning Control' procedure guides each site on operational health and safety control approaches. Operational controls are methods, systems, processes and equipment that safeguard human health and safety. These can be special equipment protection; containment or isolation arrangements; alarms and automatic shutdown or shutoff mechanisms; treatment processes; communication requirements and warning signs; instructions and procedures; training programs; and so forth.



Performance evaluation

Management assesses the performance of its manufacturing sites to ensure health and safety objectives are being met. These evaluations consist of:

- Conducting monthly assessments of health and safety KPI performance to ensure the sites are on track, correct the deviations and help meet the targets as needed,
- Organizing a monthly global manufacturing ESG meeting to share updates on manufacturing site performance, best practices, and lessons learned,
- Conducting quarterly Lenovo Manufacturing & Engineering (LME) ESG Committee review meetings,
- Conducting internal audits of manufacturing sites, including site self-assessments,
- Organizing periodic management reviews for each manufacturing site.

Incident investigation and corrective action

The Company strives to maintain a workplace that is accident or injury-free. When a work-related injury, illness, or near-miss incident occurs, facility managers and the OHS team immediately launch an investigation of the incident, analyze the root cause, formulate corrective action plans, and track the activities to closure. The 'Lessons Learned' process includes the sharing of information and data analysis with other manufacturing locations, and the distribution of a Safety Bulletin Alert to raise awareness and reduce repeated incidents.

Emergency preparedness

The Company recognizes the importance of developing and implementing an emergency plan that protects people involved in its manufacturing processes and ensures that employees are familiar with its emergency response procedure. The Company's Emergency Response Team (ERT) collaborates with the facilities to design an emergency plan that specifies the appropriate response to unexpected events, minimizes related risks, and ensures the safety of employees. This process is further supplemented by providing skills that include first aid and Cardiopulmonary Resuscitation (CPR) training.

Certification and audits

The Company is determined to ensure that the working conditions at all its manufacturing locations are safe; workers are treated with respect and dignity; operations are environmentally sound, and business operations are conducted responsibly and ethically. In support of this commitment, the Company has implemented programs and practices to ensure that its manufacturing sites comply with the RBA Code of Conduct.

Additionally, the Company is working to achieve RBA Validated Audit Program (VAP) and Factory of Choice (FoC) recognitions at its manufacturing sites as it aims to demonstrate social and environmental leadership. The Company also conducts internal audits, ISO certification audits, and customer-requested audits.

During the RBA VAP audits, independent auditors assess the sites' health and safety practices in addition to other ESG-related topics. As of FY 2022/23, all company-owned manufacturing sites (not including new locations with less than one year of labor data) have undergone the RBA VAP.

Responsible Business Alliance certificates





The Company's FY 2023/24 target is to achieve successful RBA VAP audits and FoC recognition for Company owned manufacturing locations, barring force majeure.

The RBA FoC designation is intended to recognize manufacturing sites that fully commit to the RBA Code of Conduct and demonstrate leadership through impact and transparency. To enter the FoC program, factories must complete an evidence-based application that is reviewed by RBA staff to ensure the program criteria are met.

To be recognized as a Factory of Choice, the following requirements must be met:

- A VAP with a minimum score of 160 and all Priority findings must be closed
- At least one RBA-Certified Factory Lead
- A functioning worker forum to provide feedback to management that results in workplace changes

Recognitions

On May 24, 2022, the Company's Monterrey, Mexico Plant won the first place in the Health and Safety Contest awarded by the local government.



In December 2022, the Company's Monterrey, Mexico Plant received Social Responsibility Award from the local government.



In 2022, the Company's Wuhan, China Plant successfully passed the audit and was awarded as Hubei Provincial Health Enterprise.



In March 2023, the Company's Wuhan, China Plant was awarded "Work Safety Excellent Enterprise of 2022 in East Lake High-tech Zone" by the local government.



Diversity and inclusion (D&I)

A message from our Chief Diversity Officer

As a global technology leader, Lenovo touches the lives of millions of people from all walks of life, from our global workforce to the customers we serve with our technology solutions. As Lenovo continues its intelligent transformation, we will continue to deliver innovative models that impact how we live, work and play. In an ever-changing and increasingly diversified world, technology has the potential to serve as the great equalizer. It can provide more opportunity, greater connectivity, and the ability for populations to transcend historic, cultural and geographic limitations.

We believe that technology companies have the capability and the profound responsibility to champion diversity and inclusion. Not only in the products and services we provide, but also in the values we foster and our internal practices. Innovating for a diverse world requires a diversity of perspective. As such, diversity is a business imperative at Lenovo. It ensures that we not only embrace the best, most disruptive ideas, but it also allows us to better understand and address our customers' needs.

Lenovo has always pursued a path of inclusion. We've built a culture where all can belong – but our work is not done. With new research, data, and insights, we continue to evolve our approach of building inclusive leadership behaviors and fostering diverse and inclusive systems through increased accountability and training.

Our goal is simple: People should no longer have to change themselves to fit the world. Instead, the world will change to fit its people – all of its people. Technology can and should be a positive catalyst for change and evolution.

Lenovo is channeling this capability to build a smarter future, where everyone thrives together, connected by smarter technology for all.



A handwritten signature in black ink, appearing to read "Calvin J. Crosslin".

Calvin J. Crosslin

Vice President, Chief Diversity Officer and President, Lenovo Foundation

Diversity and Inclusion Board

Since 2018, the Company's Diversity and Inclusion (D&I) initiatives have been overseen by the Diversity and Inclusion Board. The D&I Board is comprised of ten senior leaders from across the Company's business units and geographies, inclusive of the Company's Chief Diversity Officer, Calvin Crosslin. The D&I Board serves as counsel to the Company's diversity and inclusion strategy and helps to drive accountability across the Company with the vision of leading intelligent transformation by celebrating the strength of a diverse workforce and building an inclusive culture where everyone can thrive. Through quarterly meetings and ongoing communications, the D&I Board has adopted a four-pillar strategy designed to foster greater diversity and inclusion, which aims to:

- 1) Build inclusive leadership behaviors;
- 2) Foster diverse and inclusive systems;
- 3) Ensure accountability;
- 4) Tell the Company's unique diversity and inclusion story.

D&I culture

Assembling a diverse workforce that achieves its full potential through an inclusive culture is fundamental to the Company's competitive success. A key element in the Company's workforce diversity programs is the commitment to equal employment opportunity and to prohibit discrimination, harassment, and similar inappropriate behavior in the workplace. The Company's policy and Code of Conduct commit to providing a work environment free of discrimination and harassment based on race, color, gender, religion, age, nationality, social or ethnic origin, sexual orientation, gender identity or expression, marital status, pregnancy, disability, or veteran status. Company policy prohibits management from making employment decisions based on such characteristics. These business activities and the design and administration of the Company's benefit plans must comply with all applicable laws. For qualified employees with disabilities, the Company will make reasonable accommodations needed for effective job performance in a manner that complies with applicable laws.

Diversity and inclusion have been the building blocks of the Company's history and are among its greatest strengths. Its diverse team of people and locations enables collaboration and sharing across borders and encourages the Company to adopt the best practices in the markets it serves. The Company is bringing awareness about inclusion to all its leaders and employees in a variety of ways, including Global

Anti-Harassment training to ensure a workplace free of harassment. The Company is conducting a global campaign with 100 percent target completion rate for Global Anti-Harassment Training.

A diverse business model starts at the top. The Company's leaders throughout the world hold a deep commitment to these values that fuel long-term growth. The Company believes that a global workforce should reflect the global customers that it serves, and this begins with leadership that is representative of the various cultures and ethnicities that comprise its internal talent.

Working towards next generation goals

After meeting the Company's 2020 executive representation targets, the Company established new goals to further advance its executive representation of women globally and US underrepresented racial and ethnic groups by 2025. After exceeding its 2020 goal for female executive representation (20 percent representation target, 21 percent achieved), the Company set a new target to reach 27 percent female executive representation by 2025. Additionally, after exceeding the Company's goal of US executive representation from historically underrepresented racial or ethnic groups – in 2020 (28 percent representation target, 29 percent achieved), the Company is working to achieve 35 percent executive representation of historically underrepresented racial and ethnic groups by 2025. The Company's ESG KPIs include Diversity and Inclusion KPIs, which can be referenced in later sections of the report.

To achieve its executive representation goals, the Company recognizes that it must foster a strong pipeline of diverse talent. The Company invests in several career development programs to ensure it is creating that pipeline through learning, sponsorship, and mentorship programs in partnership with its employee resource groups, business leaders, and Human Resource teams. The longest-running programs include the Women's Leadership Development Program (WLDP) to develop female executive talent, and the Mosaic Leadership Development Program (MLDP) which aims to develop executive talent from underrepresented backgrounds.

Both programs directly contribute to the Company's progress toward the executive representation KPIs and follow a similar timeline of leadership education and training, 360 assessments, coaching, and a curriculum that was made fully digital to ensure programs continued through the challenges of the COVID-19 pandemic. The WLDP was the first program to be established in 2014, and its success has helped with the development of new programs and strategies to attract, retain, and develop diverse female talent. Upon completion of the program, 39 percent of program participants have been promoted across the program's six cohorts.

D&I recognitions



Creating a diverse talent pipeline

ATTRACT

The Company's Talent Acquisition (TA) team has established goals to ensure a diverse slate of candidates is presented to hiring managers. The team has a global goal to ensure each slate is 33 percent women, and that candidates from underrepresented backgrounds in the U.S. represent 15 percent of the candidates. Hiring managers are trained on equitable interview practices. The TA team has also created partnerships and engaged with executive sourcing consultants to achieve these goals.

DEVELOP

In addition to WLDP and MLDP, the Company started a sponsorship program in 2020 to grow diverse talent at the director level into the executive director ranks, ensuring that there is appropriate exposure and career progression for participants. In 2022, the Company launched a 'Courageous Leadership' program in the U.S. to develop senior managers from diverse backgrounds into the director level.

RETAIN

The Company conducts an annual pay equity review to examine any equity risks for gender and underrepresented minority employees. While this review is done for compliance, the team voluntarily expanded it to all global markets in 2022. The Company's Organization and Human Resource Planning process also codifies diversity into talent reviews and succession planning for the future workforce.



Committing to inclusion

The Company has taken a step forward in advocacy for women by endorsing the **United Nations' Women's Empowerment Principles (WEPS)**. These principles offer guidance for businesses to promote gender equality and women's empowerment in the workplace, marketplace, and community. While the Company works toward gender equity, it understands that reducing bias and increasing gender equality is an effort that will require its total commitment. The Company is proud to join its fellow signatories and UN Global Compact members in this initiative.

As part of this commitment and the Company's UNGC membership, the Company participated in UNGC's Target Gender Equality initiative, which was being offered for the first time in China. The Company strengthened its contribution to Sustainable Development Goal 5.5 – which calls for women's full participation and leadership through equal opportunities by 2030 – through a more comprehensive and in-depth understanding and implementation of the Women's Empowerment Principles by participating in the program's courses. The Company's Chief Diversity Officer and President of the Lenovo Foundation, Calvin Crosslin, participated in the initiative through the production of a short video for UNGC's e-learning tool, which seeks to develop male company representatives as advocates in the advancement of gender equality.

In May 2022, the Company also signed the **Declaration of Amsterdam**, confirming its commitment to fostering an inclusive workplace for its LGBTIQ+ employees. Developed by Workplace Pride in 2011, the Declaration of Amsterdam was created to make meaningful progress for LGBTIQ+ people

worldwide and eliminate the discrimination, harassment, and discomfort these employees may face in the workplace. After applying the 10 Core Principles of the Declaration of Amsterdam including benchmarking and evaluation methods, the Company was celebrated for making the most progress in its year-on-year score in the Workplace Pride Global Benchmark. The benchmark was designed to measure the LGBTIQ+ policies and practices for international employers, and this is the second consecutive year the Company has participated in the external audit.

Embedding inclusion in the workforce

The Company is proud to support 13 employee resource groups (ERGs) around the world that foster a sense of inclusion and belonging in its workforce. The groups are led by employee volunteers and sponsored by executives who are allies or personally identify with the community that the group supports.

- A Better Lenovo for Everyone (ABLE – U.S.)
- Black Leaders Achieving Success in Technology (BLAST)
- Diversitas (EMEA)
- Hispanics of Lenovo Association (HOLA)
- Indigenous (Australia/New Zealand)
- Lenovo Employees of Asian Descent (LEAD)
- Lenovo Interfaith (Latin America)
- New and Expectant Mothers Outreach (NEMO)
- People with Disabilities (PWD – EMEA)
- Professionals Respecting Identity Diversity and Empowerment (PRIDE)
- Rising Employees at Lenovo (REAL)
- Veterans Engaging Together (VET)
- Women in Lenovo Leadership (WILL)
- MOSAIC: Ethnicity/Racial Diversity & Inclusion
- PreTech: ESG Étnico-Racial: Negros



Employees who engage in an ERG are leaders in the Company's diversity and inclusion efforts. While providing educational webinars and programs that increase awareness about diversity and inclusion, ERGs have also advised on marketing campaigns that seek to authentically empower diverse audiences. With support from the Lenovo Foundation, ERGs also began partnerships with aligned NGOs to advocate for inclusion in the external community.

While ERGs foster inclusion and understanding for diverse communities in certain markets, the Company's D&I team has created strategies to increase inclusive behaviors amongst all employees. The Diversity and Inclusion team launched two programs in 2021 to foster inclusion in the workforce.

- CARE Model for Inclusive Behaviors: The training model defines and encourages four behaviors to foster inclusion in the community: communicating across differences, acting in allyship, recognizing and mitigating bias, and ensuring psychological safety.



- HR D&I Champions: The D&I team has trained HR leaders around the world in two core areas: D&I basics for HR professionals and facilitating inclusive and courageous conversations. The Champions have since trained their extended HR teams in D&I best practices, furthering the D&I strategy across the global HR function.

Innovating for inclusion

Lenovo's Product Diversity Office (PDO)

The Company continues to drive positive, meaningful change by embedding disability inclusion in the business leadership agenda. Since launching the Product Diversity Office (PDO) in 2020, the Company continues to scale up capacity to ensure its products are empowering its vision of delivering smarter technology for all – regardless of a user's physical attributes or abilities. The PDO's mission is to ensure usability for a diverse customer base and minimize any inherent bias in the Company's technology or products. It was founded with the support of Lenovo Executive Committee (LEC) members and is governed by the PDO Task Force, a group of business leaders who help to drive the PDO's strategy and influence across the business. In order to quickly scale its influence across the Company's innovations, the PDO created the Diversity by Design Certification, a four-phase certification process that is customized to the level of risk detected in the product.



As part of its efforts to innovate for inclusion, the Company seeks to reach communities of differently abled users to garner insights and understanding for how technology can better meet their needs. In 2021, the PDO began work with Governor Morehead School for the Blind in Raleigh, North Carolina, US. Additionally, the team in Lenovo Türkiye partnered with NGO BlindLook to cater to the visually impaired through compatible audio simulation that allows greater access to the Company's products.

In 2022, employees in China held a series of events engaging people with disabilities to promote training, awareness, and full integration in the workplace. The team also hosted events that engaged people with disabilities in the Company's products to better understand the user experience for people with disabilities, and supported participants' access to technology by providing free access to the Lenovo Voice App, which provides assistive translation, subtitles and voice to text features. The multi-faceted program was further strengthened when the team created key opportunities to showcase the talent of people with disabilities by working with designers with hearing loss from Beijing Union University to create the Company's ESG Desk Calendar and worked with a physically disabled designer on seasonal artwork showcased in the workplace.

Since becoming a member of the Valuable 500 in 2020, the Company continues to partner with disability rights advocates to help ensure its products and solutions are inclusive and accessible. The Valuable 500 is a global business collective of 500 CEOs and their companies who have pledged to work together as a collective to drive systemic change.

Diversity in innovation pledge

The Company is committed to diversity and inclusion and undertakes many efforts to follow through on that commitment. This commitment extends to the Company's intellectual property (IP). In July 2021, the Company became a Founding Signatory of the Increasing Diversity in Innovation Pledge and declared to understand and address the issue of underrepresented inventors on patent applications. This initiative was launched by the United States Intellectual Property Alliance (USIPA) to support all IP people and ideas, regardless of race, gender, ethnicity, nationality, religion, age, disability, or sexual orientation, especially those that are underrepresented. USIPA will seek to include diverse perspectives for the best IP ecosystem.

As part of the Increasing Diversity in Innovation Pledge, the Company committed to a year one goal to identify and secure internal data with respect to an underrepresented inventor group and use best efforts to implement initiatives targeted at increasing representation of that group in the Company's patent process. The Company is on pace to meet its year one and year three goals. Once the initial framework for meeting the pledge commitments is established, the Company intends to expand its focus to other underrepresented inventor groups.

In addition to the Increasing Diversity in Innovation Pledge, the Company is leading efforts to establish industry-wide standards for collecting data on the diversity of patent inventors, developing best practices for improving participation in patent inventorship by underrepresented groups, and defining useful metrics for tracking such participation. Additionally, the Company is working to establish relationships with national and international patent offices to assist and publicly support their efforts in tracking and increasing diversity in patent inventorship. The Company also promotes greater diversity in inventorship and innovation through regular participation in conferences, panel discussions, and webinars.

Recruitment

The Company's recruitment practices support its vision to deliver smarter technology for all. The Company's objective is to develop recruitment strategies that support business needs and attract the best talent from around the globe. The Company's Talent Acquisition (TA) organization manages the end-to-end recruiting process, which includes collaborating with Human Resources Business Partners (HRBP) and Managers while applying best practices to ensure the recruiting process is fair and consistent for all candidates.

The Company is focused on finding and hiring the best talent from around the world to support the Company's growth and success. Some key elements of its recruiting strategy include:

1. Diversifying the Talent Pool
2. Leveraging Technology
3. Sharing the Lenovo Story through Employer Value Proposition or Employer Brand
4. Promoting Employee Referrals
5. Recruiting on Campus or University
6. Recruiting or Assessment of Soft Skills
7. Building Strong Relationships

Overall, the Company's recruiting strategy revolves around finding and hiring the best innovative talent from around the world, leveraging technology, encouraging employee referrals, focusing on-campus recruiting, soft skills, and building relationships with candidates to ensure a good fit for the Company culture and values. The Company's goal is to hire for research and development, attract executives with new skills, and target 20 percent of external hires filled through campus and early-in-career hires.

The Company's recruitment process executes the candidate's journey through all touchpoints, including sourcing activity, job postings, and communication throughout the application and interview process. The Company's recruiters also source candidates using social media, employee referrals, and other creative methods. As a Global TA organization, some of the recruitment practices that the team manages include:

- End-to-end hiring for interns, early-career, professional, and executive positions for all business units
- Job board management across various platforms such as careers website, LinkedIn, and job portals
- Expansion of University Programs to build its future workforce
- Attendance at National Conventions and Conferences supporting diverse groups (including Latin-X and LGBTQ+)
- Lenovo Employer Value Proposition and Employer Branding
- Ongoing recruiter training and metrics to increase diverse candidate slates have diverse candidate representation
- Partnerships with organizations or vendors in support of Individuals with Disabilities (DisabilityIN, Valuable500)

Internships are a vital source for prospective candidates and a great way to provide opportunities. In 2022, the Company hired over 981 interns globally, providing meaningful learning experiences, mentor programs, innovation projects, and a view into a Global Fortune 500 technology company. The Company has maintained its intern program via a hybrid model, including a virtual or on-site work opportunity to accommodate the business and student needs with the return to the office post-COVID-19 pandemic.

The Company partners with universities worldwide to attract diverse and early career talent. Intern programs aim to recruit technology enthusiasts and STEM students from high school through doctoral degrees, helping attract qualified, diverse talent while building pipelines for potential hiring needs. The Company's specially designed internship programs help attract students from traditionally underrepresented groups. The Company's talent team partners with the Company's Foundation to help support funding for internships. In 2022 The

Foundation funded over \$150K in support of these programs. Following are some of the Company's intern programs:



- Lenovo Accelerated Sales Intern Program
- Neurodiverse Interns
- ISG Global Supply Chain Intern Program
- Lenovo HBCU Intern Program Spring/Summer
- Wake Tech Community College Intern program
- National Academy Foundation (NAF) – High School Intern Program
- Brazil for Afro-Latino 2-year Intern/Mentor – Motorola
- China Summer Intern Program

The Company's dedication is to grow and develop its workforce to support its long-term growth and innovation. It offers programs that include rotations across various business groups, early career through leadership development, and technical ladder programs. The Company's goal is to infuse diverse talent into its innovative culture to support its digital transformation as it creates smarter technology for all. Diverse hiring, development, and engagement are vital to its human capital strategy. These programs include, but are not limited to:

- China Future Leaders (Sales or Marketing)
- India Future Leaders (Sales or Marketing)
- Lenovo Accelerated Sales Rotational Program-Global (LASR)
- The EMEA Academy for Graduates in Lenovo Sales (EAGLeS)
- ISG Global Supply Chain Rotational Program
- Cloud and Software Development Program
- Global Finance Talent Program (GFTP)
- Global Future Leaders Plus (GFL+) (High Potential – Internal Talent Development)

- Technical Ladder Program (managed by R&D Team)
- Grow@Lenovo, Le Grow-Pro, Aspire Journeys
- WLDP (Women in Leadership Development Program)
- Mosaic (focused on US Underrepresented Minorities Diverse leader development)
- Developing Self for Excellent Performance (DESP)
- FeedForward (Reverse mentoring)
- Early Career Talent Experience

Compensation and benefits

The Company designs and implements competitive compensation programs to attract, motivate, and retain talent, including a mix of base pay and short-term and long-term incentive plans. It routinely monitors and evaluates market trends and industry practices to ensure its compensation practices are competitive and react quickly to changes. The Company invests heavily in industry-leading market surveys to ensure that its pay practices remain competitive.

The Company's compensation philosophy is to pay for performance. It believes exceptional individual performance drives exceptional business performance and plays an important role in the pay-for-performance philosophy. All regular employees are either bonus or commission eligible. Its regular non-sales employees establish Key Performance Indicators (KPI) at the start of the fiscal year and managers are encouraged to review their performance against those objectives on a regular basis. KPIs may be updated at any time during the year as the strategy evolves. At the end of the year, employees receive documented feedback on their performance and are rated accordingly. All regular non-sales employees receive a performance rating and an individual performance modifier (IPM) which supports the Company's pay for performance culture by allowing for performance differentiation.

Sales employees receive periodic quotas that impact their commission payments. Furthermore, sales quotas are reviewed and adjusted periodically as market conditions dictate. A feature of the Company's performance management system allows employees to request or provide feedback at any time during the performance year. This feedback may then be used by managers in making their year-end assessment.

The Company strives to create a supportive working environment for its employees around the world by giving them the flexibility to manage their unique life needs and their work. To ensure it can attract and retain high-quality talent in the competitive technology marketplace, the Company offers a variety of benefits for employees and their families. Benefits packages are developed with the following strategic guidelines:

- Position the Company competitively within the local marketplace
- Align with and support the Company's business and culture strategy
- Emphasize the Company's commitment to wellness and families

To achieve these goals, the Company must be flexible and consider varying customs, practices, legal requirements, and employee expectations around the world to design impactful benefits programs. The Company's Total Rewards approach consists of five elements: compensation; benefits; work-life balance; performance and recognition; and development and career opportunities. These five elements are critical in its ability to attract, motivate, and retain its most valuable strategic resource – its people.

Globally, the Company offers flexible benefits in multiple markets and provides employees with a range of choices for benefits that fit their needs at various stages in their life. Choices vary by geography depending on the local market but often include the opportunity to add additional insurance coverage (life, disability, critical illness, dependent health care) or to purchase lifestyle-type benefits (pet insurance, home, or auto insurance) at discounted rates. In the United States, the Company offers voluntary wellness programs that seek to improve employee health or prevent disease. The program is administered according to federal rules permitting employer-sponsored wellness programs, including the Americans with Disabilities Act of 1990, the Genetic Information Nondiscrimination Act of 2008, and the Health Insurance Portability and Accountability Act, as applicable, among others.

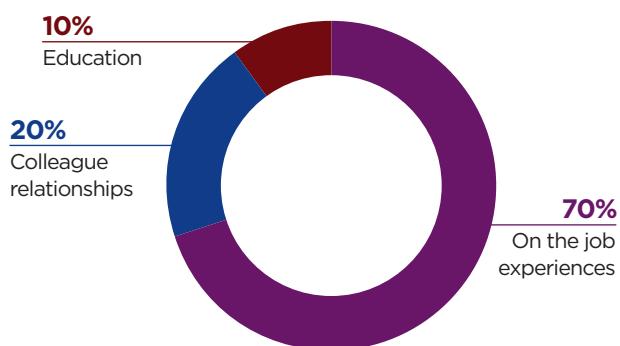
Training and development

The Company's 70-20-10 approach to employee development recognizes that employees learn through three distinct types of experiences: on-the-job training and assignments (70%), developmental coaching, reverse coaching and mentoring relationships (20%), and coursework and formal training (10%).

Experiences on the Job – learning while doing. The Company designs for 70 percent of career development to happen on the job. This could be stretch assignments, delegated opportunities, gigs, rotations and more.

Colleague Relationships – mentors, guides, coaches, managers. The Company designs for 20 percent of employee development through sharing their successes and failures with others and by seeking guidance and advice.

Education – formal training in the classroom or online that teaches key principles, processes, frameworks and skills. The Company designs 10 percent of its learning opportunities to be formal education. Often this training is role or skill specific.



To support learning by doing, all the Company's employees complete an annual Individual Development Plan (IDP) and Key Performance Indicator (KPIs). This process not only defines performance targets and individual development goals, but this also allows them to build a development plan based on their current performance goals as well as their career interests, strengths, and growth opportunities. The Company's managers are encouraged to give regular feedback on KPIs and IDPs throughout the year in addition to the formal mid and end of year sessions. Managers are encouraged to provide regular feedback and guidance to ensure employees accomplish these plans.

Lenovo Gigs is a platform that allows employees to match their current skills with short-term project opportunities to build their cross-team collaboration, further improve their skills and showcase their talent. Gigs has allowed us to connect talent with on-the-job opportunity in an agile way.

Rotational programs are another way the Company leverages on-the-job experiences and relationship building to develop talent. There are several formal rotational programs throughout the Company including Global Future Leaders+ (GFL+), Global Supply Chain (GSC) rotational program, and Lenovo Accelerated Sales Rotation (LASR). Details vary by program, but the basic premise of exposing a cohort of talent to multiple roles, tasks, and leaders during a specific timeframe to accelerate employee development is the same.

FeedForward is reverse-coaching program led by the next generation of the Company's workforce. It allows the Company's early career talents to connect and communicate their ideas with senior executives. This program fosters relationship-building, creates engagement and even led to some innovative solutions.

The Company has enhanced its management and leadership development program to provide support for managers during their leadership progression by offering specific training experiences. Examples include the Executive Presence Workshop (EPW), Director Leadership Enhancement Program (DLEP), Manager Leadership Enhancement Program (MLEP), Impactful Leadership in Complex Environments (ILCE), Women's and Mosaic Leadership Development Programs (WLDP/MLDP), and Coaching with Impact (CWI) which are provided at key points in employees' careers. These courses are delivered globally both in-person and virtually and are carefully designed around the Company's leadership priorities and skills that support the Company's mission, vision and culture.

In this tight talent market, the Company has made early career hiring and development a priority. The Early Career Talent Experience Program (known as Fresh Graduates Program in China) was created to help early career talent adjust to working in a large corporation through an extended onboarding process.

Instructor-led professional development courses and forums are made available throughout the year for all employees, in addition to rich online learning resources provided on demand via the Company's global learning management system – Grow@Lenovo.

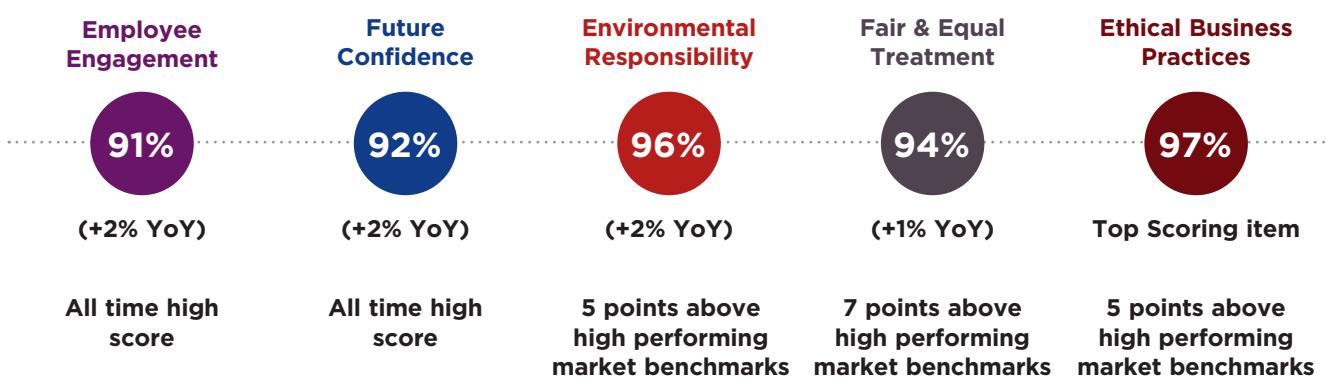
With over 78,000 training assets, Grow@Lenovo enables employees to consume training that can enhance their knowledge and skills. Training assets include e-books, audio books, video courses, assessments, certification preparation courses, virtual and instructor led trainings. The externally developed content aims to provide professional and technical skills. Internally developed content includes specialized content for sales, product and process training.

Grow@Lenovo continues to be a strategic resource for employee upskilling and engagement. FY 2022/23 employee training metrics are available in [Section 7.0 Consolidated Metrics](#) of this report.

The Company also places a high priority on executive leaders' development, bringing senior leaders together once a year to share best practices, learn from external experts and drive strategic alignment across the enterprise through the Global Leadership Team (GLT) meeting.

The Company's new-hire training includes a combination of required instructor-led and online courses on the Code of Conduct, Information Security, Privacy Basics, and Global Anti-harassment training.

FY 2022/23 Lenovo Listens highlights



* This data includes regular employees only.

During New Employee Orientation (NEO), new hires are introduced to the "Lenovo Way" through a series of culture and company history trainings to help them understand the Company's operations and values.

'Lenovo Listens' employee engagement

As the Company works to build a culture of inclusion, employee feedback is one of the best indicators of success. The Company seeks the insights of its employees worldwide through its annual 'Lenovo Listens' employee engagement survey. The survey is designed to measure employee sentiment and capture feedback on the Company's performance as it works to create an equitable and inclusive work environment. The 2022 survey results revealed that overall employee participation reached an all-time high of 96 percent.

Results also indicated confidence in the Company's future rose to 92 percent, representing an incredible 12-point increase since 2020. While the Company's greatest strengths continue to be its ethical business practices, environmental responsibility and its continued commitment to diversity and inclusion, the key takeaways from the 2022 Lenovo Listens survey are included in the graphic below*:

Global philanthropy



Investing in communities

The Company's social investments are focused on empowering underrepresented populations with access to technology and STEM education. The Company has a goal of committing a minimum of 0.5 percent of its pretax income to global social investment programs and initiatives. The Company's social investments are executed through charitable corporate contributions and its charitable entities: the Lenovo Foundation, U.S. 501(c)(3), and the Lenovo Foundation Beijing (non-profit registered in China). The global philanthropy team has established global giving guidelines and compliance processes that are localized for alignment across the diverse markets where Lenovo does business.

Lenovo philanthropy governance

Corresponding with the launch of the Lenovo Foundation in 2018, the Company's global philanthropic initiatives have been governed by a global philanthropy board of executives. The board works to represent the global communities that Lenovo philanthropy serves while advocating for philanthropic initiatives in their local region. The board governs and advises the operations of the Lenovo global philanthropy team through six board meetings each year and grantmaking oversight.

Social investment objectives

- Partner with charitable organizations, educational institutions, and civic groups to empower under-represented populations with access to technology and STEM education.
- Share the Company's Smarter Technology for All vision with communities around the world through employee volunteerism aligned to its mission and vision.

- Use the Company's technology and philanthropic resources to strategically respond to natural and humanitarian disasters.

Impact and measurement

The Lenovo global philanthropy team assesses and reviews its programs and partnerships to measure and increase its charitable impact. In 2020, the team set goals to directly impact 15 million people and transform one million lives by 2025. To measure progress toward these goals, the team has standardized how it measures impact and transformation across its charitable investments.

Impact

- Direct impact (15 million lives by 2025): Beneficiaries measured through person-to-person contact as measured at volunteer events, trainings, product loan programs, product donations provided without individual ownership or 1:1 ratio (i.e., computer labs at schools).
- Indirect impact (not measured): Secondary beneficiaries of volunteer events, trainings, product loan programs, or product donations provided without individual ownership or 1:1 user ratio (i.e., families benefiting from students' increased tech literacy, parents not needing to secure childcare while child is at STEM program).

Transformation

- Transformative impact (1 million lives by 2025): Beneficiaries who receive training or education, advancement, or credentials that provide transformative opportunities for quality of living that they did not have access to before.

Lenovo philanthropy conducts annual impact surveys with its charitable partners to collect partner-reported data that can be analyzed against the team's standards. With these standardizations set, the team was proud to meet and exceed their goal to impact 15 million lives by 2025, reaching 16.5 million lives by March 31, 2023.



Global programs

Community partnerships

The Company has developed strategic community partners in each of the Company's business geographies. The community partners are selected in alignment with the Lenovo Foundation's mission to empower underrepresented populations with access to STEM education and technology. The Company also has disaster relief partners established in key geographies. In addition to partners focused on the Company's philanthropic missions and disaster response at the business geography level, the Company has select global partners whose reach extends beyond the needs of one business geography.

Love on global month of service

Since 2017, the Company's employees around the world have organized an annual service event. With the leadership and organization of the global philanthropy team and support from local business leaders, employees in offices around the world are invited to design a volunteer event aligned to the Foundation's mission to empower underrepresented populations with access to technology and STEM education. Projects are organized with local NGOs to align to the Company's philanthropic mission while meeting the needs of the diverse communities where the Company's employees live and work. The program's impact is measured by the key metrics of number of employees engaged, beneficiaries, hours volunteered, and offices participating. The Company's Love on Global Month of Service has grown by at least one metric every year since it began.



TransforME Grant Round

In FY2023, the Company's philanthropic team continued their strategic initiative to fund nonprofit organizations focused on providing digital skills training for adults. Grantees were selected based on various factors including their ability to remove barriers to success for adults to engage in programs. To date, the grant round has invested more than \$2M in funds to 23 organizations around the world. The initiative is a focused effort for Lenovo philanthropy to reach its goal to transform one million lives by 2025.

Employee resource group grant round

To strengthen the Company's social impact and employee engagement, the Company's philanthropy program empowered the leaders of its employee resource groups by facilitating partnerships with community organizations that are aligned to their diversity segment. In its second year, the program funded new and renewed partnerships that empowered diverse communities and shared the Company's smarter technology for all vision around the world.

Humanitarian response

Lenovo philanthropy organized measured responses to natural and humanitarian disasters throughout fiscal year 2023. The Company leverages its own funds and technology to respond to disasters and engages employees in matching gift opportunities as appropriate. Among the largest responses, the Company responded to:

- Humanitarian conflict in Europe, providing \$1M to UNICEF to help families and children forced to flee from violence. An additional \$150,000 was raised for the initiative through the Company's employee matching gift program, benefiting local organizations assisting with the influx of refugees in their communities.
- Earthquakes in Türkiye and Syria, providing \$100,000 to organizations providing on-the-ground response, including Turkish Red Crescent, Mercy Corps, and Wine To Water. The Company's employee matching gift program provided more than \$50,000 in addition to the corporate support.
- Flooding in Pakistan, providing \$25,000 to provide access to clean water and prevent the spread of water-borne illnesses in the wake of floods with global partner Wine To Water. The Company's employee matching gift program provided more than \$4,000 in additional support in response to the floods.

In addition to these larger responses, the Company responded to additional natural and man-made disasters including earthquakes and flooding in Asia, wildfires in Europe, hurricanes in North America, and gun violence in the US.

Love on platform for employee giving benefits

Launched in 2021, the Love on platform is the Company's employee engagement tool. The global tool encourages employees to give their time and treasure, backed by volunteer and matching gift benefits from the Company.

- **Volunteer benefit:** The Company's employees are encouraged to volunteer eight hours per quarter with causes and charities of their choice. Employees can claim five dollars (or its local currency equivalent) per volunteer hour in the Love on platform, which can then be donated to any cause on the platform that meets the Company's giving guidelines.
- **Matching gift benefit:** Employees can donate to causes that meet the Company's giving guidelines on the Love on platform and receive a 100 percent match from the Company. The Lenovo philanthropy team hosts annual giving campaigns to encourage donations to employees' favorite causes, strategic community partners, and in response to humanitarian crises (see [Humanitarian Response](#)).

Social impact highlight

Lenovo Foundation and Motorola are collaborating with United Nations Educational, Scientific and Cultural Organization (UNESCO) to digitize, preserve and promote indigenous languages, in honor of UNESCO's International Decade of Indigenous Languages. The United Nations General Assembly proclaimed 2022-2032 as the International Decade of Indigenous Languages, a declaration made in an effort to draw global attention to the endangered status of many indigenous languages and mobilize stakeholders and resources for their preservation, revitalization and promotion.

As new generations of indigenous people increase their literacy and use of technology, it is crucial that they be able to use their native language in new, digital formats to avoid the endangerment and loss of native languages. [UNESCO](#) estimates that human culture loses one indigenous language every two weeks, resulting in around 3,000 unique languages being lost by the end of the century.

To help preserve human heritage, the unique histories of indigenous cultures, and empower the next generation, the Company's leaders in the Motorola

smartphone teams have been working in partnership with Lenovo Foundation to not only digitize and preserve endangered languages, but integrate them for use on smartphones. Their effort began in 2020, with the digitization and integration of Kaingang (spoken in Southern Brazil) and Nheengatu (spoken in the Amazon). In 2021, the initiative expanded to Cherokee (spoken in the US). In 2023, the teams announced a further two languages being added to the initiative: Kuví and Kangri, languages native to India. These five languages are part of the more than 80 languages Motorola offers for customized use in its mobile interface.

As part of the effort, Motorola shares the specialized characters, translated words, and linguistic customizations on the Android platform so that other OEMs and companies can add the endangered indigenous languages to their interfaces, paving the way for broader use and revitalization. In support of the effort, the Company is exploring integration of the languages beyond Motorola phones and into PCs. As a start, the Company's Research and Development Team in Brazil has worked to include Kaingang and Nheengaatu on Lenovo's Linux PCs from 2023 onward.



The team's group of executives, philanthropy leaders, and software global localization experts were honored to be part of the launch of the Decade of Indigenous Languages in Paris event on December 13, 2022. The event brought together high-level representatives of UNESCO Member States, Indigenous leaders, the UN system, civil society, national research organizations, and representatives from the public and private sectors. These stakeholders convened in Paris to discuss how to integrate and preserve indigenous languages around the world and how they could cooperate towards a more inclusive future. Together, they will develop a set of guidelines and a project blueprint to share best practices for digitizing endangered indigenous languages.

As the project continues over the next decade, the Company hopes to increase awareness, bring action toward the survival of endangered languages, and empower future generations of indigenous communities to use technology in their native language.



5.0 Governance

- 66 ESG governance
- 69 Business practices
- 73 Product quality management
- 75 Innovation

5.0 Governance

ESG governance

Statement on oversight and management of environmental, social, and governance issues

The following is a statement from the Board of Directors (the Board) and management of Lenovo Group Limited (the Company) explaining the Board's oversight of Environmental, Social, and Governance (ESG) matters and the approach and strategy of the Company towards the management of ESG issues.

ESG governance structure and board oversight



The Board has the highest level of oversight for ESG programs and reporting and manages this responsibility through the governance structure outlined above. The Board supports the Company's ESG programs and processes by evaluating the Company's management of and response to key ESG-related risks, in the context of strategy and long-term value-creation across its business operations. Board members are updated on critical ESG risk areas and responses through regular briefings which include a review of key ESG practices and the approval of the annual ESG Report after due discussion. ESG-related topics appear in the agenda items of the Board and Board Committee meetings at relevant times throughout the financial year, and ESG is a standing agenda item at least twice annually. Regular newsletters with updates on ESG issues, including updates on topics discussed by the ESG Executive Oversight Committee (EOC) and ESG developments of the Company, are also provided to the Board and its Committees from the Chief Legal & Corporate Responsibility Officer.

The Board is aware of the importance of continuous improvement of its own collective performance in the leadership of the Company, including addressing climate-related risks and opportunities and the oversight of ESG matters. Through a formal process that is led by the Nomination and Governance Committee, all directors conduct Board evaluation via an online platform, the aim of which is to evaluate and advance the performance and effectiveness of the Board and its Committees, including the oversight of ESG matters. This evaluation is conducted every two years or as agreed by the Board members.

As part of the Board's continuous professional development program, Directors from time to time receive training on ESG matters including anti-corruption, climate, water, and other ESG risks and topics in the form of presentations from ESG professionals. Directors are also updated on a continuing basis by the Company Secretary on ESG news releases by the Hong Kong Stock Exchange and other professional organizations. This facilitates Board members' understanding of the Company's ESG practices, supports the continuous development of ESG competencies within the Board's skills matrix, and increases awareness of ESG impacts on the Company's operations.

Concentrated discussion on ESG issues, including climate change, assists the Board in making the most appropriate decisions and providing oversight based on the long-term risks and opportunities that impact the Company's stakeholders and the business. At least annually, the Board is briefed on the Company's ESG KPIs including its climate strategy and progress towards its climate change mitigation goals.

ESG oversight is supported through the Nomination and Governance Committee, which oversees the corporate policies and practices regarding governance and compliance with legal and regulatory requirements. The Audit Committee has a complementary role in the effective management of risks and safeguarding the Company's resources, through oversight of the Internal Audit and Enterprise Risk Management (ERM) systems, both of which support overall ESG risk management practices. The Chief Legal & Corporate Responsibility Officer provides executive leadership for the Company's ESG position and ensures regular reports are made to the Lenovo Executive Committee (LEC), the Board and its Committees. The LEC consists of senior management who have delegated authority established by the Chief Executive Officer to manage operational performance, including strategic decisions.

In addition, the ESG EOC, chaired by the Chief Legal & Corporate Responsibility Officer, provides strategic direction, and facilitates the coordination of ESG efforts across the Company, including proposing recommendations for the effective management of ESG programs. The ESG EOC is comprised of senior management from across the business and functional areas and is chartered to promote a culture that encourages strong ESG performance, including compliance and leadership activities.

The ESG EOC is responsible for:

- Monitoring emerging ESG trends, impacts, and opportunities
- Representing the voice of the customer in ESG strategy decisions
- Recommending ESG initiatives, investments, and disclosures to management and the Board
- Ensuring the Company ESG strategy appropriately addresses risks and obligations
- Evaluating ESG programs and investments for effectiveness
- Supporting ESG disclosure and messaging initiatives
- Acting as executive champions for the Company's ESG culture and values

ESG management approach

In addition to the responsibilities listed above, the Board through management process delegates authority to the ESG EOC for the following ESG oversight activities:

- Overseeing the assessment of the Company's environmental and social impacts, including the Company's annual materiality assessment process
- Ensuring alignment of the Company's ESG programs with regulatory requirements and investor expectations
- Understanding the risks of ESG issues on the Company's operating model and ensuring that actions taken to address the risks are appropriate and well-followed
- Ensuring that ESG considerations are part of business decision-making processes

As part of the Company's ESG program, a materiality assessment is conducted annually with internal and external stakeholders to identify ESG-related risks and opportunities and their impacts on the business and stakeholders. The results are reviewed and approved by the ESG EOC and included in the ESG Report reviewed and approved by the Board. This assessment guides the objectives for the Company's ESG programs, including goals and targets, informing the business strategy, targeting communications, and the disclosures in the ESG Report.

The Company sets targets to address the Company's material impacts through a variety of related processes, including the Company's ISO 14001:2015 (environmental), ISO 50001:2018 (energy management), ISO 45001:2018 (occupational health and safety), and ISO 9001:2015 (quality) management systems. In addition, relevant teams/departments within the Company including Strategy, Human Resources, and others may set KPIs related to their own impacts which may be rolled up into the corporate ESG KPIs as appropriate. The Company's corporate ESG KPIs are developed with approval from the ESG EOC and supported by the LEC and the Board.

The Company recognizes that risk management is the responsibility of everyone within the organization, and that risk is best managed when business functions take responsibility and are accountable for them. Rather than being a separate and standalone process, risk management is therefore incorporated as part of the Company's annual strategic planning process across all major functions.

The Company's official ERM process details various business risks that include environmental, social, and governance risk categories. Annually, the Company requires each business unit to identify risks, assess their impacts on executing its strategy, and develop risk mitigation plans. The results of this assessment ensure that effective risk management and internal control systems are in place.

ESG-related information is periodically audited using an internal control framework as part of a broader corporate risk assessment that incorporates audit processes to provide independent and objective assurance that the Company's ESG disclosures, statements, and metrics are accurate and aligned with the Company's risk management approach. The Company has an integrated approach for internal control which is consistent with the Committee of Sponsoring Organizations of the Treadway Commission (COSO) internal control framework for many years. This internal control framework is overseen by the Audit Committee.

The Company's ESG disclosures, statements, and metrics are managed by a dedicated team that is focused on monitoring the effectiveness of the ESG initiatives and reporting the organization's progress against the goals and targets.

Review of progress and relevance to the business

The ESG EOC conducts regular meetings to assess the progress of the Company's ESG initiatives, including climate change and net-zero targets, their relevance to stakeholder expectations and the Company's long-term business strategy, and the direction of and investment in ESG programs.

The ESG practices and related goals and targets, KPIs and progress are periodically reviewed by the Board and are aligned with credible industry and science-based standards that support ESG reporting frameworks. The Company's progress is disclosed in the ESG Report that is reviewed and approved by the Board.

The Board acknowledges that the corporate ESG landscape is evolving, and that the effective governance of ESG matters is fundamental to a company's ESG accountability. As the Company regularly evaluates the ESG risks and opportunities faced by the industry and the potential impacts on the Company's business continuity plan, the Board strives to strengthen the oversight of ESG programs and practices that will help to build a more resilient future for all.

Ethics and integrity

The Company is committed to conducting business legally, ethically, and with integrity. Its [Ethics and Compliance](#) Office (ECO) oversees the ethics and compliance function across the organization and strives to promote a culture that is committed to implementing these values. The ECO works in partnership with business units across the globe to promote legal and ethical operations. The ECO's commitment is to raise awareness about the importance of ethical and compliant business practices to the Company and serve a critical role in providing employees with the information, resources, and training they need to make informed ethical decisions.

The ECO oversees the Company's [Code of Conduct](#) (Code), which establishes clear expectations for employee compliance with its policies related to lawful and ethical business conduct. The Code reflects the Company's culture of trust and integrity, holds employees accountable for their behavior, and helps employees determine when and where to seek advice. The Code, policies, and related awareness and training materials are provided electronically and through periodic communications. Approximately 97% of computer-based employees¹ completed "Lenovo's Code of Conduct - Teamwork with Integrity and Trust" eLearning course for FY 2022/23.

The ECO is supported by the following committees:

Board Committees

- The **Audit Committee** is annually briefed by the ECO on matters including the adequacy of resources for ESG reporting
- The **Nomination and Governance Committee** oversees the corporate policies and practices about governance and compliance with legal and regulatory requirements

Other Committees

- The **Executive Ethics Committee** provides executive-level oversight and guidance to the ECO
- The **Investigation Oversight Committee** works closely with the ECO to oversee the Company's internal investigation process
- The **Regional Ethics and Compliance Committee** provides the ECO with global support, perspective and insight

¹ The Company's "computer-based employees" are employees who have access to the Grow@Lenovo eLearning system through their Company-provided assets.

Business practices

The Company's Code mandates compliance with applicable laws in markets where it conducts business. Its policies strongly support ethical and responsible business practices, which include areas such as anti-bribery and corruption, data privacy, intellectual property and more.

Anti-bribery and corruption

The Company has zero tolerance for bribery and corruption. The Company complies with the anti-bribery and corruption laws of the countries where it conducts business. The Company's [Global Anti-Bribery and Corruption Policy](#) along with the Company's [Global Gift, Entertainment, Corporate Hospitality, and Travel Policy](#) reinforce provisions in the Code and provide additional guidance regarding compliance with global anti-bribery and corruption rules and laws. The policies stress that the Company will not directly or indirectly solicit, offer, promise, authorize, provide, or accept anything of value to any person, including government officials, to influence action, inaction, or to secure an improper advantage as defined by applicable laws.

To help employees understand these requirements, training on anti-bribery and corruption is provided. In FY 2022/23, 97 percent of the Company's computer-based employees completed the assigned anti-bribery and corruption mandatory eLearning course. In addition, 21 facilitator-led sessions focused on anti-bribery and corruption basics and case studies were provided to over 11,000 China-based employees of the Company. The Company also provides Code training to new employees, which includes anti-bribery and corruption topics. The Board of Directors and Senior Leadership Team are provided a facilitator-led training session on anti-bribery and corruption. Bribery and corruption risks are also evaluated as part of the Company's Enterprise Risk Management Program risk assessment to ensure the Company's internal controls effectively address and mitigate bribery and corruption risk to the enterprise.

In FY 2022/23, the Company received the result of one concluded legal case regarding corruption that the Company had previously transferred to authorities. The involved person was sentenced with one year imprisonment, a two-year probation, and a RMB30,000 fine for receiving RMB280,000 in kickbacks in exchange for providing improper benefits to a business partner. The Company terminated employment with the involved person. In addition, the Company has undertaken additional internal control measures to prevent similar incidents. The impact of the case to the Company's business was minor.

Anti-competitive practices and fair competition

The Company competes for business ethically and lawfully. The Code and Policy on [anti-competitive practices and fair competition](#) prohibit employees from engaging in anti-competitive practices, such as entering into an agreement or discussion that would result in price-fixing, limitations on the availability of goods or services on the market, or agreements to boycott a customer or supplier.

Intellectual property

Intellectual property is a valuable asset for the Company. The Company expects its employees to protect its intellectual property and respect the intellectual property rights of other companies and individuals. Intellectual property rights include patents, copyrights, trademarks, confidential information, and related contract rights.

The Company secures its own intellectual property using these and other applicable forms of legal protection. Therefore, the Company's employees must each sign and abide by their agreement with the Company regarding confidential information and intellectual property. The Company also expects its employees to contribute to the Company's innovation leadership. To this end, the Company's employees should submit their inventions and ideas to the Company's patent review board for prompt review and protection with the support of the Intellectual Property Law Department.

The Company respects the intellectual property rights of other companies and individuals, including their proprietary materials, confidential information, software, patents, trademarks, or trade secrets. Employees should work with the Company's counsel in the Legal Department as appropriate to ensure all necessary rights and licenses are obtained before utilizing any non-Lenovo proprietary materials.

Privacy and data protection

The Company maintains a Global Privacy and Data Protection Program, which leads the organization's commitment to responsibly using and protecting customer, consumer, employee and partner identifiable information. The Lenovo Global Privacy and Data Protection Program develops and maintains policies, processes, training, and other mechanisms and resources to ensure that the Company is in compliance with global privacy and related data protection laws and regulations. These policies and the Company's commitments in this area are communicated to all employees via the Lenovo Privacy Basics course which new employees are required to take within 30 days of their employment

with the Company, and on a recurring basis thereafter. It is the individual and collective responsibility of the Company's employees and contractors to act in accordance with the requirements of the Company's privacy and security policies and standards and to report privacy and security incidents or vulnerabilities in a timely manner. The Lenovo Global Privacy and Data Protection Program, Chief Security Office, Chief Information Security Office, and the Company's product security teams maintain incident reporting mechanisms and work together to investigate, mitigate, and prevent privacy and security incidents that could impact the Company, its customers, users, or employees.

Individuals may learn more about the Company's product and website privacy practices by visiting <https://www.lenovo.com/us/en/privacy/>. The Lenovo Privacy and Data Protection Program may be reached at privacy@lenovo.com (or privacy@motorola.com).

The Company recognizes the great importance of privacy to individuals everywhere – customers, website visitors, product users, employees – everyone. The responsible use and protection of personal and other information under the Company's care is a core company value. To ensure adherence to its [privacy policies](#), principles, and processes, the Company maintains a global Privacy and Data Protection Program led by the Legal Department. The Privacy & Data Protection Program reports its progress regularly to the Company's Chief Legal & Corporate Responsibility Officer and Chief Security Officer. In addition, the Privacy & Data Protection Program coordinates a cross-functional Privacy Working Group (PWG) comprised of key partners drawn from Information Security, Product Security, Product Development, Marketing, E-Commerce, Service and Repair, Human Resources, and other groups. The PWG meets several times per year and discusses the Company's privacy policies, processes, legal developments, industry developments, and more. Key elements of the Company's approach to ensuring meaningful privacy and data protection include:

- Monitoring global privacy and data protection legal developments and regulatory trends, and improving the Company's privacy practices and processes
- Harmonizing global privacy and data protection requirements into an organization-wide set of Lenovo Guiding Privacy Principles that drive how the Company handles personal information and certain other types of data, including developing and updating its privacy policies and procedures
- Providing contractual support to ensure that risks associated with supplier and partner agreements include appropriate privacy and security terms; including assistance to the

Lenovo Legal Center of Excellence (COE) in its efforts to update contract templates, and improve privacy and security-focused contract addenda

- Providing early input to product and service development teams by incorporating privacy checkpoints into formal product development plans, including privacy impact assessments, and conducting pre-launch privacy compliance reviews of products, software, services, websites, marketing programs, internal systems, and supplier relationships
- Responding to requests from individuals to review, correct, amend and/or delete their personal information
- Coordinating the Company's response to law enforcement and other government requests for applicable personal and user information
- Developing and delivering privacy and data protection-focused training programs and working closely with the Chief Security Office (CSO), Corporate Information Security Office (CISO), and product security teams to timely identify and respond to privacy and data protection incidents
- Maintaining an internal Privacy Program portal and other resources for employees to provide guidance, documents, contract templates, compliance checklists, and additional privacy and data protection resources for the Company
- Requiring all computer-based employees globally to complete the Company's Privacy Basics and Security Essentials courses

Ethical management of responsible AI

Artificial Intelligence (AI) is changing the business landscape and provides new solutions for the Company to further its mission of providing smarter technology to all. Therefore, as the Company progresses in this field, it is of the utmost importance that AI is implemented safely and responsibly.

Responsible AI is the governance framework that covers ethical, legal, safety, privacy, and accountability concerns. Implementing responsible AI demands the ability to predict the ethical or legal issues an AI system could have during its development and deployment lifecycle. Therefore, responsible AI should be considered at the foundation of every project.

The Company meets this requirement with its Responsible AI Committee, a group of 20 employees with diverse backgrounds. This diversity includes gender, ethnicity, and disability. As development teams create new products, the Company's Product Diversity Office (PDO) identifies products involving high-risk AI and works closely with the Responsible AI Committee. The PDO reports quarterly on developments to the Diversity & Inclusion Board and Executive Steering Committee.

The Responsible AI Committee is responsible for reviewing internal products and external partnerships to ensure the compliance with the Company's following principles:

Diversity and inclusion

AI projects should be inclusive of all individuals. While AI bias can rarely be eliminated, it can be effectively managed. For example, this mitigation can take place during the data collection process, by including a more diverse background of people in the training dataset and at inference time to balance accuracy between different groups.

Furthermore, the Company's hiring, mentoring, and fellowship efforts include diverse gender and ethnic groups, as well as traditionally underserved communities. Diversity and inclusion is embedded within the product cycle (for example, data sets, algorithms, and user interfaces) to minimize bias and to ensure fair and equal treatment for all. In 2021, the Company along with 12 other companies, signed the Cercle InterElles Women & AI Charter for accountable and gender-fair AI systems and to promote the exchange of best practices in support of minimizing gender bias in the AI industry.

Privacy and security

In both its inputs and outputs, AI should protect individual and group privacy. The algorithm should not be trained with, or analyze, identifiable data gathered in a way that violates privacy; it should also not produce results that violate the individuals' privacy, even when bad actors are trying to force such results. Products and projects that incorporate AI are reviewed by the Company's Global Privacy & Data Protection Program, which reviews privacy design documentation and helps to ensure that products respect users' privacy expectations.

Accountability and reliability

Technical robustness and safety require that AI projects preemptively address risks including, but not limited to, the unpredictability of AI performance and cybersecurity. Depending on the outcome of the review of these risks, the Company may decide to not pursue these projects. The Company takes measures to ensure and record that AI products meet the Company's principles outlined here before engaging in further development.

Explainability

The Company prizes explainable AI, which increases trust by allowing for a more complete understanding of the decision-making process, thus minimizing misalignment or unintended consequences. The Company prefers use of more explainable algorithms, but when it is not possible, the Company leverages explainability tools to provide needed insight on the models used. For example, explainability tools and tools to measure bias in datasets and algorithms are used for the Company's Lenovo Intelligent Computing Orchestration (LiCO) project, a platform that allows users to create their own models.

Transparency

Users should know when they are interacting with AI and be provided with information about how their data will be handled by the AI, any choices they can make with regard to their interactions with AI, and any rights they may have to challenge an AI-generated outcome.

Environmental and social impact

An AI project should be evaluated in terms of its impact on the subjects, users, and the environment. Social norms such as fair decision making, upholding values, and preventing addiction to AI projects should be upheld. The Company considers the results of AI projects on the environment in decisions. For example, the Company takes into account, where applicable, the amount of energy needed to train the required models and the future impact of the product on the environment.

As the Company continues to advance in this field, the Company is committed to aligning its AI endeavors with the principles outlined above. These principles are the foundation to any solution and ensure the Company can provide smarter technology for all in an ethical and responsible manner.

Raising questions or concerns

The Company is committed to fostering a speak up culture, where employees, contractors, and business partners are encouraged to speak up on anything that appears unethical, illegal, or suspicious. The Company has established clear processes and various reporting channels to raise questions or report concerns.

Employees are encouraged to raise concerns to their managers, Human Resources, the ECO, Internal Audit, or the Legal Department about any potential issues including, but not limited to, those known about or suspected:

- Fraud by or against the Company
- Bribery or corruption
- Unethical business conduct
- Violation of legal or regulatory requirements
- Substantial and specific danger to health and safety
- Violation of the Company's corporate policies and guidelines, particularly the Code of Conduct

The Company also provides formal, confidential ways to report concerns, ask questions, or request guidance in person, by email, or through the LenovoLine, a confidential reporting system that is accessible 24 hours a day, seven days a week by the secure website or toll-free telephone with translators available. Where allowed by law, employees may report concerns about business practices anonymously.

The Company takes all allegations and concerns seriously. The Company maintains a Whistleblowing and Investigations Policy outlining the process by which concerns can be raised, are reviewed and are investigated. The Company also has an oversight body, the Investigation Oversight Committee, to ensure concerns raised are appropriately investigated and addressed.

Complaints

The Company is dedicated to reviewing and responding to all customer feedback, including product or service-related complaints. It has a robust process for managing customer complaints. Practices include a review and approval process for all product or service-related complaints with checkpoints to ensure adherence to the process.

Complaint channels

Customers can raise dissatisfaction or complaint through a diverse range of channels that includes, but is not limited to phone calls, chat, email, social media (Facebook, Instagram, Twitter, LinkedIn), an internal escalation tool when shared with a Lenovo Employee, and the Lenovo Support Page.

Complaint process

Complaints are collected by various internal systems and centralized on Microsoft Dynamics Customer Relationship Management (CRM). The dedicated Customer Care team will manage the case end-to-end and engage with the customer to find a resolution to their complaint. The Customer Care team will:

- Investigate the background of the complaint to understand the customer's experience better thus far
- Identify potential solutions for the customer and communicate with the customer to gain agreement on a solution
- Implement the agreed-upon solution

Based on the solution criteria, the Customer Care Case Manager may:

- Explain the Company's warranty policy
- Repair the product if it is not working per the machine specifications
- Replace the product if the repair does not resolve the problem
- Refund the customer

Once the case is escalated to the Customer Care team, the global average time for resolution and agreement with the customer is usually 48 hours.

To maintain a consistent process and continuously identify improvements to the policies, by the end of the case management, Customer Care team will launch a survey to customers looking to understand:

- Likelihood to recommend the Company in the future
- Overall satisfaction with the service provided
- Gauge how easy it is to do business with Lenovo Group
- Resolution satisfaction
- Resolution time

Enterprise feedback management

The Customer Care team executes a closed-loop process with customers and internal stakeholders to improve the Company's process and policies. The process includes compiling and categorizing the reasons for escalation and customer feedback and sharing the findings and recommendations with the services delivery teams.

The Customer Care team also evaluates the survey responses and areas to improve while managing critical and dissatisfied customers. Those areas include, but not limited to:

- Timeliness of response
- Friendliness
- Knowledge of the Company's processes and policies
- Overall satisfaction
- Satisfaction resolution

This closed-loop process is defined by the geographies and internal stakeholders and may vary in the markets where the Company operates.

Product quality management

The Company delivers superior quality products and is committed to ensuring that its products are safe throughout their life cycle. Product Life Cycle Assessment (LCA) principles are incorporated to ensure that every stage of the product's life is taken into consideration, including development,

manufacturing, transportation, installation, use, service, and recycling. This approach ensures the continual delivery of design improvements into current and future products.

The Company's Quality Policy forms the foundation of its Quality Management System (QMS) and business processes that support its practices around customer, legal and regulatory responsibilities, and meet the requirements of ISO 9001:2015 standard. The Company's new-hire training includes an introduction to the QMS, and all employees are expected to support the continual improvement as an integral part of its quality management system. To maintain the highest level of product quality, the Company employs an active, closed-loop process whereby feedback mechanisms provide a quick resolution to customer issues. The Company conducts root cause analysis for any product issues and collaborates with the appropriate teams, including manufacturing, and product development and testing teams to ensure any issues do not arise again with current or future products.

Cross-organizational quality assurance



The Company's active closed-loop process incorporates various feedback mechanisms that enable opportunities for enhancing product quality and reliability. When product issues are discovered, the Company performs a root cause analysis and feeds the results back into manufacturing, development, and test organizations ensuring that similar issues do not arise with current or future products. These feedback mechanisms provide quick resolution of customer issues.

Because the Company's products fail less often and have a longer lifespan, fewer resources are required for their upkeep and end-of-life management. The Company's comprehensive product development process includes prototype development, product testing, and focus groups that represent the diverse needs of global customers. For example, the Company proactively elicits input on design and product features from customers and partners. Prototypes are extensively evaluated, and final products undergo rigorous testing to ensure they meet stringent standards specific to their application and use before they are cleared for shipment.



Throughout FY 2022/23, there were no product recalls related to safety and health reasons. In very rare instances, the Company may recall a product due to safety or health reasons. Under these circumstances, the Company adheres to corporate guidelines and engages with the appropriate government regulatory agencies to provide customers with a remedy for the recalled product. Active product recalls from previous years can be viewed at www.lenovo.com/recalls.

The Company's business unit executives are responsible for establishing objectives and measuring results to drive continual improvement in quality and customer satisfaction. The Company's Technical Evaluation Center provides information and recommendations, collaborates with engineering through a Lessons Learned feedback loop and refines its processes to eliminate recurring problems. As a result, its product repair action rates are among the lowest in the industry.

The Company provides high-quality products that are safe to operate throughout their lifecycle. Its QMS framework is designed to support this commitment. Its products meet, and in many cases exceed applicable legal requirements as well as voluntary safety and ergonomics practices to which it subscribes wherever its products are marketed and sold. The Company's product safety priorities are described below.

In FY 2022/23, the Company did not experience any material incidents of non-compliance (assessed using the Company's ERM framework) resulting in fines from regulations and/or voluntary codes concerning product and service information and labeling.

The Company applies all compulsory environmental and regulatory labels, marks and statements to its products for all markets where its products are marketed and sold. The Company also utilizes internal standards and processes to ensure the correct, country-specific and region information is applied prior to its products being sold. Employees engaged in advertising activities, like all of the Company's employees, are governed by the Company's Code of Conduct.

Innovation

Innovating to help customers meet sustainability goals

The Company is focused on providing products and services that help contribute to customers' sustainability goals and a smarter future for all. The Company's innovative drive was recognized for the second consecutive year in 2022 when it was named a Top 50 Most Innovative Company by Boston Consulting Group. Through focused initiatives at the product, packaging, and service level, the Company is innovating to improve the sustainability features of products and empower customers with more sustainable choices through services.

Product and packaging innovations that focus on carbon impact

In November 2022, the Company celebrated ten years of its Lenovo Neptune™ liquid cooling technology by sharing a fifth generation of the innovation. The latest generation is delivered in a broader range of ThinkSystem servers than prior generations, making its sustainability benefits available to more of the Company's customers. Lenovo Neptune™ liquid cooling technology helps to optimize product performance by capturing up to 98 percent of the system heat and reducing power consumption by up to 40 percent.

In addition to product innovations in its servers, the Company takes a holistic look at customer experience and sustainability goals by improving packaging design across product offerings. The Infrastructure Solutions Group uses a rack integration method of shipping servers with pre-installed in racks, saving 105 pounds of cardboard per rack. The Company designs select PC packaging for it to be made from more sustainable materials like bamboo and sugar cane.

Empowering customers with more sustainable choices

The Company provides IT life cycle solutions such as Asset Recovery Services, CO₂ offsetting capabilities, and certified refurbished equipment. All of the Company's products are offered as-a-service, a delivery model which can help optimize IT asset sustainability.

- TruScale Everything-as-a-Service: Circular Economy is all about designing out waste from the value chain. TruScale 'as a Service' offerings optimize the process by leaving each stage of a product's cycle in the hands of qualified professionals so a customer can focus on their productivity priorities. TruScale inserts predictability into lifecycle management, enabling companies to plan and help maximize the reuse or recovery of their technology.
- Asset Recovery Service: This service helps mitigate the environmental and data security risks associated with end-of-life asset disposal while aiming to maximize the value potential of those assets, with the main goal to reutilize, recover and in the end recycle resources.
- CO₂ Offset Service: The Company offers an opportunity for customers to conveniently purchase carbon offsets at point of sale with the goal to equalize estimated carbon footprint of the procured devices. The purchase of the carbon offsets supports environmental initiatives around the world such as renewable energy projects.

Innovative solutions for a circular economy

The Company's vision to deliver Smarter Technology for All extends to its practices that include Smarter Circular Design, Smarter Circular Use, and Smarter Circular Return activities. In a circular economy, products are made, used, then returned, instead of being discarded and consigned to waste. In this model, value is extracted from a resource while in use. Then, at the end of its service life, the resource is recovered, refurbished, and redeployed. This drives greater resource productivity, aims to make businesses more competitive, and helps create new opportunities for growth. The demand for a more circular economy has given rise to the 'as a service' or usage models seen across many industries in which the users pay for only what they need when they need it, and return the assets or resources when they are finished.

The Company provides innovative solutions for its customers' business needs that help reduce the volume of end-of-life electronic products that may otherwise, be discarded or consigned to waste. These solutions include:

- Services that help keep products operating longer
- Services that help make infrastructure management easier
- Solutions to manage its customers' products at the end of life to help maximize value and reuse opportunities

The Company's introduction of **TruScale Device as a Service** (TruScale DaaS) to the PC industry has helped enable organizations to maximize value throughout a product's lifecycle and minimize raw material use and waste generation. TruScale DaaS is a usage model in which the consumer pays to use the device of their choice as they need it and has the option of pausing or returning the device when it is not in use. Along with the device, the Company offers a variety of services that aim to protect and support the asset during its lifecycle. When the device reaches the end of its service life, the Company will collect the device, wipe it clean of the customer's data, and strive to recycle and re-purpose the device. This means the device can either be refurbished and reintroduced into a new working environment, or the device's parts can be used to repair other devices under warranty.

Lenovo 360 Circle

In November 2021, the Company kicked off the first phase of the Lenovo 360 Circle project. Since then, 20 partners have joined Lenovo to develop a blueprint and propose common goals to accelerate their respective sustainability journeys.



Lenovo 360 Circle goals

The Lenovo 360 Circle community addresses sustainability as a new business driver while unlocking new opportunities. The community views sustainability through the lens of corporate citizenship while determining their common goals within the frameworks of the SBTi and the UNGC SDGs.



(*) 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

Customers only pay for what they use, avoiding the heavy capital outlays of the ownership model, as well as escaping the burden and cost of disposal. These services are addressing the industry's transformation to as-a-service and providing lifecycle value to the Company's customers.

To help scale circular economy solutions in the IT industry, the Company has established a target to enable the recycling and reuse of 800 million pounds of end-of-life products by FY 2025/26². For more information see [Section 9.0](#).

² Cumulative total since 2005.

Mission

Through the Lenovo 360 Circle, the Company aims to develop a circular ecosystem partnership community to influence and support new market needs by 2025 while promoting the decarbonization of the global economy.

While promoting circular economy principles, the Lenovo 360 Circle community focuses on **product life extension** and **product transformation** through encouraging the development of new services and new technologies.

The Company has implemented several strategic partnerships to help make the Lenovo 360 Circle a success. Canalys and the UNGC are some of the organizations that are part of the Lenovo 360 Circle community along with the channel partners.

Priorities

As part of its activities with the founding partners, the Company has launched focus groups to work on the priorities highlighted during partner workshops. Focus groups include representatives from the founding partners and from the Company's business units. They aim to set actionable and impactful plans that unlock barriers and accelerate the transformation to more sustainable business models.

Scope 3 Inventory & Management



Product Sustainability Attributes & New Procurement Habits



Waste Reduction & Packaging Optimization



New Regulations & LCA Management / Recycling & Refurbishment & DaaS



Energy Consumption/ The Future of Datacenter



Sustainability Awareness Raising / Learning & Development

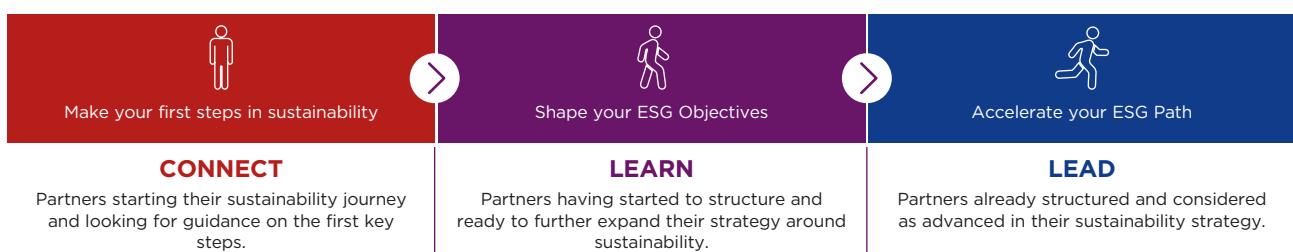


Promotion of Equality and Inclusion in Social Community



Blueprint

The Lenovo 360 Circle aims to unify the Company's channel ecosystem around a common purpose: accelerate individual and collective impacts to solve the challenges humanity is facing. The blueprint has been designed in collaboration with the founding partners to ensure that it is aligned with the needs and expectations of the Company's channel ecosystem.



Phase 2 launch and next steps

On February 7, 2023, the Company launched phase two of the Lenovo 360 Circle. The blueprint has been launched on Lenovo Partner Hub (LPH) in a self-service portal mode. The Company has targeted to attract 1,000 partners by end of FY 2023/24.

While the Company hopes this program will have positive environmental and economic impacts, it also aims to improve employee and customer satisfaction and engagement.

Aligned with the UNGC engagement framework, partners are placed into 'Connect', 'Learn', and 'Lead' stages. Each stage represents the level of maturity of the organization's sustainability plans and actions.

Depending on the stage, partners have access to a set of resources to support them in their journey. The resources are tailored to accelerate the impacts either internally via their own sustainability strategy and/or externally via the adoption of sustainability as a key pillar in sales.

Testimonials

In November 2022, one of the founding partners of the Lenovo 360 Circle and one of the Company's top channel partners, Softcat, gave the Company the "Sustainability Contribution Partner of the Year" award. This award recognized the partner who helped Softcat the most in their sustainability journey amongst their ecosystem (vendor, distributor, resellers, and service partners). Additionally, the Company was mentioned as a key sustainability partner in the ESG report of another founding partner, Econocom.

While the Lenovo 360 Circle community is growing, its founding partners are engaged in its success.





6.0 Global supply chain

- 82 Supply chain ESG practices
- 93 Supplier diversity

6.0 Global supply chain

Supply chain ESG practices

As a global business offering a variety of products and services in 180 markets around the world, the Company manages a diverse and dynamic supply chain. The Company's supply base is comprised of the following categories: internal manufacturing centers, production procurement, original design manufacturers (ODM), and general procurement. Production procurement includes all suppliers that provide materials or components that become part of the Company's products. ODMs include manufacturing partners who manufacture products on behalf of the Company. General procurement includes all suppliers that provide materials and products which support the Company's operations but do not become part of its products.

The Company's supply base is comprised of multiple tiers in which lower tiers of suppliers provide materials and parts to higher tiers – and eventually to its Tier 1 suppliers, the suppliers with whom the Company has a direct contractual relationship.

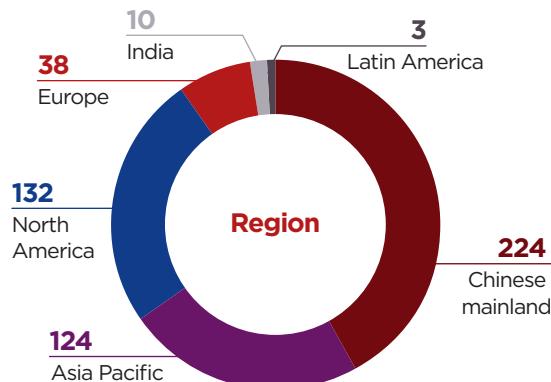
The disclosures in this report apply to the Company's production procurement supplier base. The majority of the Company's spend is with production procurement suppliers which often have ESG impacts and risks. Production procurement suppliers can have social risks because they require substantial labor forces and have access to large, lower-skilled labor pools that may be vulnerable to exploitation. Production procurement suppliers may generally also have environmental impacts through the energy, water, and materials required for production.

Distribution of suppliers

The Company recognizes that there can be many benefits in utilizing local suppliers, including decreased logistics costs, potentially lower GHG emissions, the opportunity to support local economies, and maintaining community relationships. The Company considers local suppliers as those that operate in the same country as its significant locations of operations. In FY 2022/23, its significant locations of operations included manufacturing locations in China, US, Mexico, Brazil, Hungary, Japan, and India.

The Company estimates that 90 percent of production supply spend in China is with local suppliers. In other manufacturing geographies, the Company estimates that 20 percent of spend is with local suppliers.

The chart¹ below shows the geographic distribution of the Company's 531 production suppliers in FY 2022/23:



¹ The allocation chart based on the registered legal entity of the headquarters of suppliers

ESG in the supply chain

The Company considers the supply chain a vital part of its operations and views effective supply chain management as an important contributor to its success. Given this, the Company has many controls and programs in place to manage its overall procurement process. The Company recognizes that ESG risks and impacts exist among its suppliers which may differ from the ESG impacts and risks associated with the Company's own operations. To better manage these risks, the Company has integrated several ESG-specific controls and practices into its Master Procurement Process.

Master procurement process

The Company's Master Procurement Process is designed to oversee all purchase commitments for production materials and the goods and services that support its worldwide operations. With a mission to deliver the best pricing, quality, supply, technology, and service in a sustainable manner, this model provides a controlled procurement approach that is applied across the organization for commodities and includes the following elements for production and general procurement:

Delegation of authority

The Company's [Code of Conduct](#) includes requirements for the formal delegation which support accountability and responsible procurement practices. The 'Authority to Make Lenovo Commitments' section outlines the requirements for delegations with defined authority for commitments and other contract terms and conditions and, most importantly, that making business commitments outside these processes is not permitted.

Supplier selection

Implementing a controlled approach to awarding the Company's business to suppliers is critical to meet its procurement objectives and to establish a trusted base of suppliers. Therefore, even the perception of favoritism or bias is unacceptable. To ensure business awards are conducted ethically and fairly, the Company has defined and approved sourcing methods to ensure the following:

- Suppliers have a fair opportunity to compete for the Company's business
- Buyers conduct an ethical evaluation on carefully understood facts such as supplier prices, terms, and conditions
- The most capable suppliers are selected based on the best overall acquisition value
- Business awards are reviewed and approved with proper delegation of authority

New supplier validation

New suppliers are assessed for numerous capabilities including their operational aspects, financial stability, product or information security, and ESG expectations. More specifically, all new production suppliers are assessed on their sustainability policies, codes of conduct, ISO certifications, ESG standards, environmental impact aspects, controls to prevent forced labor, and public reporting. Of particular concern are suppliers that may be listed as restricted or denied parties identified by governments and/or international agencies. The Company's policy and formal practice is that under no circumstances shall the Company's personnel purchase, sell, or ship any product contrary to applicable export laws or to any individual or firm appearing in any relevant government list of any party who has been denied export or import privileges.

During FY 2022/23, 248 companies were assessed using this process.

Contract management

Supplier relationships are best managed when there are clear stipulations of responsibilities, deliverables, and relevant terms and conditions. The Company's supplier contracts incorporate legal and operational agreements and address various types of engagement. Additionally, all suppliers must comply with the Company's [Supplier Code of Conduct](#), in which they are required to comply with the latest version of [Responsible Business Alliance's \(RBA\) Code of Conduct](#) as well.

There are multiple code elements and requirements under the Supplier Code of Conduct relating to environmental, labor, and human rights matters. Instead of asking suppliers to sign separate Supplier Code of Conduct contract one by one, at present their compliance with the comprehensive Supplier Code of Conduct is executed via the Company's standard purchase agreements or standard purchase orders. To ensure target agreements include clauses on the Supplier Code of Conduct, a check of the templates for procurement was completed in FY 2022/23. The Company's Supplier Code of Conduct, as well as the RBA Code of Conduct, strictly prohibit bribery and corruption. The RBA audit protocol includes anti-bribery and anti-corruption in the [Ethics](#) section.

Internal training

To ensure those with delegated authority are informed on ESG best practices, the Company conducts comprehensive communication and education activities throughout the year for its global supply chain team. In FY 2022/23, the Company enhanced the global supply chain ESG education program by holding additional live training sessions in multiple ESG areas to help the procurement team build on knowledge and skills. Offered in both Chinese and English, the overall attendance in those training sessions reached 1,350. In addition, the Company provides compulsory ESG courses and required a 100 percent completion rate for these courses with the procurement team.

Education module	Training sessions/courses
ESG Overall	<ul style="list-style-type: none"> • ESG Overall live session • ESG SPE Penalty & Credits online course
ESG Focus	<ul style="list-style-type: none"> • RBA Compliance live session • Protection Against Forced Labor live session • EcoVadis Program live session • Source Right live session • Supplier Stability Management live session • Responsible Sourcing of Raw Materials online course • Environmental Impact online course • Supplier Code of Conduct online course

Procurement process

The Company is committed to sound ESG management across its end-to-end supply chain process. It has ESG-specific systems in place, supported by contractual requirements to help ensure that suppliers meet or exceed applicable labor, environmental, health and safety, and ethics standards.

The practices below align with its ESG-related internal corporate policies. The Company's human rights commitments are codified through its [Human Rights Policy](#) and further explained in its [Anti-Slavery and Human Trafficking Statement](#). The Company's environmental commitments are codified in its [Environmental Affairs Policy, Climate and Energy Policy](#), and [Water Resiliency Policy](#). Commitments that apply to its supply chain are extended to suppliers through its [Supplier Code of Conduct](#).

Performance monitoring and assessment

Support of RBA programs and Validated Audit Process (VAP) audits

As a member of the Responsible Business Alliance, the Company requires suppliers to adhere to the RBA Code of Conduct. The Company uses RBA VAP as a key mechanism of risk identification and sustainable performance assessment. Regardless of their self-assessment risk level, the Company expects most production suppliers to conduct on-site audit.

In FY 2022/23, approximately 95 percent of suppliers by spend have conducted an RBA VAP audit or an equivalent independent, third-party audit (Non-VAP audit) by RBA-approved auditors. RBA audits (including both VAP and non-VAP audits) are conducted at least every two years to assess social and environmental responsibility performance, involving the systematic examination of policies, procedures, documentations, and other elements of the supplier's risk management programs.

During the audits, RBA certified auditors stay for two to five days at the supplier's premises to review employee contracts (direct and through external agencies), employee age requirements, timesheets, pay slips, environmental controls, and other documents. The auditors also conduct individual and group interviews with a random selection of employees and agency contractors regarding their rights at the facility, including freedom of association and collective bargaining among other topics.



In the event of supplier non-conformance to ESG requirements, including those identified by RBA audits, several actions may take place, which include:

- Immediate discontinuation of business for serious violations
- Tracking remediation and corrective actions implementation whenever possible
- Penalization of the supplier in the quarterly supplier report card score with a sustainability multiplier
- Senior procurement management engagement with the supplier
- Executive Company management engagement with the supplier

The table below provides an overview of the Company's suppliers' annual RBA audit performance.

Historical average scores²

Suppliers	Labor score	Health & safety score	Environmental score	Ethics score	Management score	Total score	Average # of priority findings ³	Average # of major findings ³
2019	157	174	184	197	187	153	0.4	5.0
2020	157	173	189	199	190	155	0.3	5.4
2021	159	182	193	198	195	164	0.1	4.7
2022	160	182	190	199	196	164	0.2	4.4
ODM Partners								
2019	156	175	182	197	188	156	0.2	5.6
2020	166	188	196	200	197	172	0.2	3.3
2021	167	182	195	195	195	170	0.0	4.0
2022	165	191	187	198	194	172	0.0	3.8

² Scores are based on calendar year.

³ The average number of findings is calculated based on the total number of findings and total number of reports per calendar year.

Responding to RBA audit labor-related results

In FY 2022/23, there were no violations reported related to forced labor or child labor by the Company's suppliers who completed the RBA VAP audits. In FY 2022/23, 56 suppliers had other major labor findings identified in their audits. The most common supplier audit findings were related to industry-wide problems of excessive working hours and insufficient time off for their employees. To address this, the Company requires its outsourced manufacturers to report their employees' working hours and time off performance monthly via an online tool so that it can take action to resolve any issues that are identified. Agreements for improvement were reached with suppliers, as a result, no relationships were terminated due to aforementioned labor findings.

Support of RBA VAP and Factory of Choice (FoC) Recognition programs

The Company periodically reviews and raises expectations of suppliers' ESG performance. In FY 2020/21, the Company started an effort to require its suppliers to commit to achieving RBA VAP Recognition and Factory of Choice (FoC) designations to demonstrate leadership in ESG. This requires significantly higher VAP audit scores with all Priority findings closed, site personnel to be formally trained on the RBA VAP process, and proof of functional grievance systems. See [Select Supplier ESG Performance Indicators and Results](#) for percentages of suppliers by spend who have achieved RBA VAP and FoC recognitions.

EcoVadis

The Company is continuously increasing its focus on sustainability in procurement. In FY 2022/23, it expanded the scope of ESG assessments from key Tier 1 suppliers to strategic Tier N and indirect procurement suppliers.

The EcoVadis platform aims to provide ESG ratings for a large base of suppliers, including production procurement, general procurement, and other key suppliers. The Company has implemented the EcoVadis IQ tool to screen suppliers' overall ESG risk, based on their inherent Corporate Social Responsibility (CSR) risks and procurement information. In FY 2022/23, approximately 1,000 suppliers were processed in the EcoVadis IQ tool, and 285 suppliers were invited to conduct an EcoVadis ESG assessment. The Company has increased its supplier evaluation efforts compared to the previous reporting period by considering general procurement suppliers in the assessment in addition to production procurement suppliers.



The Company continues to ensure that all strategically important suppliers participate in the EcoVadis program and achieve at least 45 of 100 points or a comparable audit result. Suppliers scoring less than 45 out of 100 points must implement a corrective action plan (CAP) and the CAP items are expected to be closed within 90 days. The Company also holds semi-annual webinars for suppliers engaged in the Company's EcoVadis program to facilitate better understanding of the assessment process and improvement areas that they can prioritize.

The 360 Watch feature of the EcoVadis platform is another monitoring measure taken to minimize the risk of child and forced labor, and other environmental, social and governance risks. Negative media coverage in these areas related to a supplier will be highlighted to the Company's management, requiring the supplier to respond within one week and develop a corrective action plan. The 360 Watch, in addition to other indicators, enables the Company to monitor and score its suppliers on various ESG focus areas, helping it to continually improve the supply base.

Responsible sourcing of materials

The Company expects its supply chain to procure raw materials responsibly and to particularly avoid sources that directly or indirectly fund conflict. This may include the conflict minerals of tin, tantalum, tungsten and gold (3TG), and cobalt from the Democratic Republic of the Congo (DRC) and surrounding countries. As a member of the RBA [Responsible Minerals Initiative \(RMI\)](#), the Company is committed to ensuring that minerals used to manufacture products do not contribute to human rights abuse and environmental degradation, and requires its production procurement and ODM suppliers to do the same.

The Company has been operating the Responsible Sourcing of Raw Materials (RSRM) program for over a decade, aligning with the [Organization for Economic Cooperation and Development \(OECD\) Due Diligence Guidelines for Responsible Sourcing Materials from Conflict-Affected and High-Risk Areas](#). The Company complies with the intentions of section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act to track, monitor and report annually on conflict minerals in supply chains.



Each year, the Company conducts the RSRM Survey in order to identify the smelters and refiners (SORs) that process minerals contained in the products supplied to the Company. Due diligence of 3TG and cobalt sourcing is conducted using the RMI program's [Conflict Minerals Reporting Template \(CMRT\)](#) and [Extended Minerals Reporting Template \(EMRT\)](#).

During the 2022 survey cycle, the Company also proactively encouraged upstream entities to report on extended minerals beyond 3TG and cobalt. By comparing the SOR list with the facilities who conform to RMI's [Responsible Minerals Assurance Process \(RMAP\)](#) or equivalent, the Company identifies potential risks and conducts supplier outreach to remove non-compliant smelters. The annual survey process in 2022 covered 95 percent overall procurement spend of the Company and the survey received 100 percent response rate. Among the results, 100 percent of surveyed suppliers had a conflict-free supply chain, and 79 percent are formal RMI members. Among the 247 3TG SORs in operation, 100 percent were compliant⁴. See [Select Supplier ESG Performance Indicators and Results](#) for details.

2022 Responsible sourcing survey results - percentage of compliant SORs by mineral

Type of SOR	Total number of SORs	Compliant SORs	Percentage of compliant SORs
Tantalum	34	34	100%
Tin	64	64	100%
Tungsten	39	39	100%
Gold	110	110	100%
Total	247	247	100%

The Company also strives to mitigate risks through smelter outreach. By working closely with global stakeholders and organizations such as the RMI China Smelter Engagement Team (SET), the Company has been actively encouraging SORs to participate in RMAP. For more information, please visit the Company's [Responsible Sourcing webpage](#).

⁴ Compliant SORs include conformant and active smelters and refiners as defined by RMI. Visit [RMI's website](#) for detailed definitions.

Joint audits with Company's PC and Smart Devices (PCSD) Quality Team

To drive more opportunities for improvement, the Global Supply Chain Team collaborates with the Company's PCSD Quality Team to conduct on-site audits in suppliers' facilities. Since October 2021, 81 PCSD Quality Engineers have been trained in RBA requirements by the Company's GSC ESG and Business Controls (GSC ESG) Team. In FY 2022/23, 127 suppliers were audited.

The PCSD Quality Team leads the audit by using pre-designed questionnaires and checklists developed by the GSC ESG Team in accordance with the RBA Code requirements, focusing on labor, health, and safety. This collaboration with the PCSD Quality Team enables the Company to support an additional method to monitor suppliers' compliance with RBA.

Environmental impacts disclosure in the supply chain

The Company strives to promote transparency and accountability by encouraging its suppliers to disclose their environmental impacts. Annually, the Company requests key suppliers to formally report environmental data related to climate change, water, and waste. The Company asks that suppliers report via the Responsible Business Alliance or the CDP reporting methodologies in addition to responding to the Institute of Public and Environmental Affairs (IPE). In 2022, 30 additional suppliers have made disclosures through CDP for the first time. In addition, in 2022, the Company started to introduce CDP supply chain program into its supply chain carbon management, to help Tier 1 suppliers assess their climate change performance.

Recognizing suppliers

To help reduce the impact of the Company's business to the climate, decarbonization has become a critical pillar in the Company Global Supply Chain's FY 2022/23 Strategy. The Company appreciates suppliers' cooperativeness in its climate journey and gave the following suppliers the "2022 Supplier Climate Action Star" award for their outstanding performance in climate change related disclosure, target setting, and emission reduction initiatives: Wistron, Innolux, and Inventec. In addition, the Company awarded the "2022 Supplier Renewable Energy Star" to ATL for their excellence in renewable energy procurement and usage.

Supplier ESG performance evaluation (ESG scorecards)

Following are the Company's practices for supplier ESG performance evaluation:

- ESG performance of the Company's 95% of suppliers by procurement spend is quantified and assessed with 32 key indicators across RBA, environmental impact, responsible sourcing of raw materials, EcoVadis and other ESG reporting factors.
- For suppliers belonging in the remaining procurement spend, their ESG performance evaluation is based on their EcoVadis rating.
- ESG is then applied as an overall penalty/credit multiplier across the approximately 200 supplier performance evaluation report cards issued each quarter.

Select supplier ESG performance indicators and results (by procurement spend)

RBA compliance	FY 2020/21	FY 2021/22	FY 2022/23
VAP audits	76%	92%	93%
RBA VAP recognition	63%	87%	83%
Factory of Choice recognition	2%	6%	17%
Responsible sourcing of raw minerals	FY 2020/21	FY 2021/22	FY 2022/23
Conformant or active ⁵ 3TG smelters & refiners	96%	96%	100%
Suppliers with public conflict mineral policy	88%	94%	96%
Suppliers with public conflict mineral report	69%	77%	76%
Environmental impact	FY 2020/21	FY 2021/22	FY 2022/23
Suppliers with public GHG reduction goals	91%	92%	93%
Suppliers with third-party verification of their GHG emissions data	83%	94%	89%
Suppliers with/committed to setting Science Based Target	24%	28%	45%
Suppliers with public water reduction goals	96%	92%	84%
Suppliers with public waste reduction goals	95%	83%	76%

⁵ Conformant and active smelters and refiners as defined by RMI. Visit [RMI's website](#) for detailed definitions.

Environmental

The Company manages suppliers' environmental performance through requirements in the Supplier Code of Conduct, RBA audits, CDP Supply Chain Program, and other programs that support its material environmental topics – specifically climate change, water, and waste. The environmental impact management pertains to production procurement and ODM suppliers.

The Company's corporate-wide environmental standards and specifications require its product designers to consider environmentally conscious design practices to facilitate and encourage recycling and minimization of resource consumption. The Company's priority is for its suppliers to use environmentally preferable materials whenever applicable. Compliance to the standard and specifications is monitored as part of the Product Compliance Review Board Process.

Climate change

The Company collects climate change related information such as Scope 1, Scope 2, and Scope 3 emissions, emission reduction goals, renewable energy usage and targets, and implementation of the [ISO 50001:2018](#) Energy Management System.

The Company's most recent supplier engagement efforts on climate change covered the top 98 percent of procurement spend. This effort identified that 72 percent and 84 percent of suppliers by spend have public renewable energy goals, and are tracking and reporting renewable energy generation and purchases, respectively. See [Select Supplier ESG Performance Indicators and Results](#) for additional percentages of suppliers by spend and related energy and GHG emissions information.

Lenovo's Science Based Targets

The Company used the emissions data reported by suppliers to inform its Science Based Target (SBT) for Scope 3 emissions from the purchased goods and services category. The Company's target in this category is to reduce Scope 3 emissions from purchased goods and services by 66.5 percent per million US\$ gross profit by FY 2029/30, from a FY 2018/19 baseline. Based on FY 2022/23 data, the Company is on track reducing the GHG emissions from purchased goods and services.

In FY 2022/23, the Company kicked off the Supplier Emission Reduction program with key suppliers to push more actions around climate change in its supply chain. The program aims to work with suppliers along the climate action journey. For suppliers who have just started their journey, they are expected to participate in the CDP disclosure and report their emissions data. For suppliers who are more mature, the Company works with the suppliers to set emission reduction targets, procure renewable energy, and implement energy efficiency improvement projects. Also, the Company encourages suppliers to engage their own supply chain and share their experience and knowledge with the industry.

Science Based Targets for suppliers

In addition to setting its own Science Based Targets (SBTs), the Company is engaging and incentivizing its suppliers to also commit to the Science Based Targets initiative (SBTi).

During the reporting period, 45 percent of its suppliers by spend have committed to set or have set SBTs, which was an increase of 17 percent from the previous reporting period. It is the Company's goal to achieve 95 percent of suppliers by procurement spend to implement SBTs.

Water

The Company surveys key suppliers on water-related data including performance indicators such as annual water withdrawal, water discharge, and water recycle or reuse volumes.

For the most recent supplier data collection period, the Company's coverage of engagement was 98 percent of procurement spend. Since one of the most straightforward indicators of impact (especially to water-stressed areas) is water withdrawal, the Company has been encouraging suppliers to set up water reduction targets since 2014. See [Select Supplier ESG Performance Indicators and Results](#) for percentage of suppliers by spend with quantified water reduction goals.

Waste

The waste-related information collected from suppliers includes data such as annual hazardous and nonhazardous waste volumes.

Waste prevention is the most preferable option in the waste management hierarchy, and the Company encourages suppliers to set up public waste reduction targets. See [Select Supplier ESG Performance Indicators and Results](#) for percentage of suppliers by spend with quantified waste reduction goals.

Social

Forced labor

The Company is committed to eradicating forced labor in all its forms including slavery and human trafficking at every stage of business operations. It holds a firm position that there is zero tolerance for forced labor and any documented instances will be met with immediate action, including discontinuing the business relationship with any suppliers that overlook this practice.

To better detect and mitigate the forced labor risks, the Company adopts and implements preventive measures. In FY 2022/23, those actions include:

- Added a section covering “Employment Agencies” to the latest version of the Supplier Code of Conduct for enhancing the management of labor agents and contractors
- Implemented a third-party ESG risk assessment tool (EcoVadis) to screen suppliers throughout the supply chain
- Provided a live education session to buyers on forced labor and potential red flags related to forced labor
- Provided a webinar to suppliers on the topic of Labor Compliance Management
- Invested in a third-party supply chain risk management platform (Everstream Analytics)
- Conducted verification through RBA audits and participated in regular RBA Responsible Labor Initiative and VAP workgroup engagements

In FY 2022/23, there were no violations reported related to forced labor by the Company's suppliers who completed the RBA VAP audits.

Child labor

The Company supports universal human rights including those identified in the United Nations Declaration on Human Rights and the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work. The Company commits to extending these rights to its employees and others directly or indirectly employed in its supply chain.

Child labor is not to be used in any stage of business operations. The term “child” refers to any person under the age of 15, under the age for completing compulsory education, or under the minimum age for employment in the country, whichever is the highest. To support the human rights noted above, the Company implemented multiple guidelines and actions including, but not limited to:

- Human Rights Policy
- Employee Code of Conduct
- Supplier Code of Conduct
- Source Right 6.2
- Due diligence and audits across the supply chain to identify risks in child labor violations
- Mandatory education and certification and live session education on labor topics for buyers
- Webinar for suppliers on the topic of Labor Compliance Management

In FY 2022/23, there were no violations reported related to child labor by the Company’s suppliers who completed the RBA VAP audits.

Living wages

Through the RBA audit and corrective action process, the Company drives suppliers to adhere to applicable wage and benefit laws and regulations. The Company recognizes the issue of living wages with the Company’s suppliers is a growing topic of concern. Policies, programs, and baselines are tools that can be used to drive improvements in this area. The Company is in the stage of preliminary discussion with and is participating in the RBA Living Wage work group and is exploring the development of implementation guidelines to support workers throughout the supply chain.

Capability building

Many of the Company’s suppliers are large national and international suppliers. They manage their corporate ESG programs while engaging directly with the Company’s programs. In addition to its own training programs, the Company offers and provides the following to suppliers:

- The Company provides semi-annual communications on topics including the RBA, Environmental Impact, Responsible Sourcing of Raw Materials, Forced Labor, key ISO certifications, ESG Reporting, and Supplier Code of Conduct expectations.
- The Company created education material for suppliers to learn its ESG requirements while providing an education session to 1,200 supplier attendees at the 2022 Lenovo Standards and Certification Supplier Conference.
- In FY 2022/23, the Company GSC ESG team representative attended the procurement team’s quarterly business review (QBR) with 15 suppliers for one-on-one ESG guidance and education.
- In FY 2022/23, five webinars for suppliers were held (including one with CDP, two with EcoVadis), covering topics including the Company Supplier ESG Requirements for Suppliers, CDP Disclosure Training, EcoVadis CSR Rating, and EcoVadis Post Assessment, and RBA Compliance. Total attendee numbers were 1,529.
- For the specific Supplier Emission Reduction Program, the Company also held four webinars on the topics of energy and cost savings, renewable energy trading in China, Science Based Targets, and carbon credits.

Supply chain resilience

In 2021, the Company established the GSC Risk Council to support risk management throughout its supply chain. The GSC Risk Council's mission is to increase the Company's growth by implementing risk controls through industry-proven processes that can enable the supply chain to quickly adapt to demands for new technology and reduce the risks associated with the transition. Agility and resilience are critical components for a successful GSC strategy that can withstand the short lifecycle of information and communications technology products and changing consumer demands.

The GSC Risk Council's main objectives include the oversight of:

- Risk identification
- Risk assessment
- Risk control
- Risk review and follow-up
- Scenario planning

The GSC Risk Council established a monthly collaborative platform to engage the business unit functions, leverage insight and identify synergies as the Company addresses risk management decisions. The convergence of business function leaders provides the opportunity to evaluate the impacts on the other functions and develop a consolidated business continuity plan with clear actions.

Effective risk management strategies have been a critical part of driving business performance. The Company also recognizes that opportunities are created when it transforms risks into opportunities that can support its long-term growth. The GSC Risk Council recently directed a scenario planning exercise that included identifying potential risks from the following categories:

- Strategy
- Financial
- Catastrophic events
- Human capital
- Legal and regulatory compliance
- Operations
- Sociopolitical

After analyzing these categories, the strategy team selected the top five risks for the fiscal year. With consideration of the organization's risk appetite and the business-driven data that was collected, the team selected the top five potential risks and conducted a comprehensive scenario planning for each risk. For each scenario, the team incorporated stakeholder feedback, identified contributing factors, and analyzed both short-term and long-term impacts.

The information derived from this planning exercise enabled the GSC Risk Council to understand the types of risks that may impact the Company and how those conditions may affect its performance, thus contributing to the development of greater strategy resilience and flexibility throughout the supply chain.

Supply chain recognitions



The Company has once again been named in the Gartner Global Supply Chain Top 25 listing for 2022. This is the highest ever ranking for the Company, rising seven places from 2021 to rank #9, and ranking #3 among the six technology companies featured in the list and ahead of all other PC brands. This annual ranking of the world's leading technology, retail, manufacturing, food and beverage, and pharmaceutical brands identifies and celebrates companies leading the way in supply chain management and is considered the gold standard in supply chain excellence.

The Company's increasing efforts to address supply chain environmental impacts have been recognized by different organizations. In December 2022, CDP presented the Company with the Supply Chain Decarbonization Pioneer Award for its excellent performance in CDP supply chain program. 2022 is the first year the Company participated in the CDP supply chain project, and the Company's supplier response rate for CDP was 96 percent, ranking among the top 5 percent in the world. The high response rate reflects the high level of suppliers' engagement with the Company on the topic of supply chain decarbonization. In FY 2022/23, it was recognized by the IPE Green Supply Chain Corporate Information Transparency Index (CITI) and the Corporate Climate Action Transparency Index (CATI) and was ranked among the Top 10 in the IT industry.



Since 2021, the Company has been using IPE's Blue EcoChain tool to track the environmental performance of its suppliers and encouraging the disclosure of carbon data and GHG reduction targets.

EcoVadis

In 2023, the Company has been recognized for its exceptional commitment to sustainability by receiving the Outstanding Leadership Program award at the 2023 EcoVadis Sustainable Procurement Awards. This prestigious accolade is a testament to the Company's dedication to advancing sustainable practices throughout its procurement processes. The award recognizes the efforts of the Company's employees and partners who have worked to embed sustainable practices into its supply chain.



CDP

In 2022, the Company achieved a CDP score of "A-" for its Supplier Engagement Rating in Climate Change. In 2022, it is also listed on the Supplier Engagement Rating Leader Board along with more than 500 companies. The Company has maintained this honor for four consecutive years, since 2018.

Supplier diversity

The Company's Supplier Diversity Program is committed to seeking and developing diverse businesses while contributing to the economic success of communities it serves. It recognizes that supplier diversity creates a win-win by influencing the inclusion of diverse businesses within its supply base which impacts brand reputation management and improves revenue performance through sales.

In FY 2022/23, the Company spent \$782M among more than 3,000 small and/or diverse suppliers in the US. This accounted for 23 percent of its total expenditure in the US. This includes spending over \$220M with woman-owned businesses and \$347M with ethnically diverse businesses (an increase of 20 percent and 86 percent in dollars spent, respectively, compared to the prior FY).

The Company is proud of the progress that has been made over the past couple of years. However, it is not resting on past results but is striving to provide a greater level of support to small and diverse businesses. The Company continues to partner with several NGOs such as the National Minority Supplier Development Council (NMSDC), Disability:IN, and the Women's Business Enterprise Networking Council (WBENC). The Company also increased support to minority businesses through the "Evolve Small" initiative. Through this ongoing initiative, the Company helped small businesses recover from the impact of COVID-19 by providing over \$1.2M of financial aid, technology, marketing, and mentorship support to more than 785 companies across the US and Canada throughout the year.

As the Company moves forward, its success not only lies within workforce diversity but also in the inclusion of diverse suppliers that provide competitive advantages, increased innovation, and revenue that can support its brand reputation. For more information, please visit the Company's [Supplier Diversity webpage](#).

7.0 Consolidated metrics

96 FY 2022/23 consolidated metrics





7.0 Consolidated metrics

FY 2022/23 consolidated metrics

	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23
Revenue (Millions USD)	\$51,038	\$50,716	\$60,742	\$71,618	\$61,947
Revenue by Geography					
Americas	32%	32%	31%	32%	34%
EMEA (Europe, Middle East, Africa)	25%	25%	26%	26%	25%
Asia Pacific (excluding China)	19%	22%	19%	16%	17%
China	24%	21%	24%	26%	24%

Employee representation

	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23¹
Number of Employees					
Total	57,000	63,000	71,500	75,000	77,000
Percentage of Employees by Region					
Americas (North America, Latin America)	16%	18%	14%	14%	14%
Asia Pacific (excluding China)	11%	12%	10%	11%	15%
China	65%	62%	69%	67%	62%
EMEA (Europe, Middle East, Africa)	8%	8%	7%	8%	9%

	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23³
Percentage of Employees by Gender					
Male	64%	64%	64%	63%	63%
Female	36%	36%	36%	37%	37%
Percentage of Executives by Gender					
Male	80%	82%	79%	80%	79%
Female	20%	18%	21%	20%	21%
Percentage of Employees in Technical Roles by Gender					
Male	72%	72%	72%	71%	71%
Female	28%	28%	28%	29%	29%
	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23²
Percentage of Employees by Workforce Representation					
Regular Employees	n/a	n/a	73%	80%	89%
Long-term Plant Contractors	n/a	n/a	27%	20%	11%
	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23³
Percentage of Employee Representation by Age Group					
Under 30 years of age	n/a	n/a	15%	15%	15%
30-50 years of age	n/a	n/a	73%	73%	72%
Over 50 years of age	n/a	n/a	12%	12%	13%

	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23³
Percentage of US Employees by Race/Ethnic Background					
Asian	18%	17%	17%	17%	17%
Black or African American	7%	8%	8%	9%	9%
Hispanic or Latinx	5%	6%	6%	6%	7%
White	67%	66%	66%	65%	63%
Remaining Under-represented groups (Native American, Alaskan Native, Hawaiian, Pacific Islander, or Two or More Races)	2%	2%	2%	2%	3%
No Data	1%	1%	1%	1%	1%
Percentage of US Executives by Race/Ethnic Background					
Asian	17%	18%	18%	18%	20%
Black or African American	2%	3%	2%	2%	2%
Hispanic or Latinx	7%	6%	7%	8%	7%
White	71%	72%	72%	72%	70%
Remaining Under-represented groups (Native American, Alaskan Native, Hawaiian, Pacific Islander, or Two or More Races)	1%	1%	1%	1%	1%
No Data	3%	0%	0%	0%	1%
Percentage of US Employees in Technical Roles by Race/Ethnic Background					
Asian	27%	27%	26%	26%	27%
Black or African American	6%	6%	7%	8%	8%
Hispanic or Latinx	4%	5%	5%	5%	5%
White	61%	60%	60%	58%	56%
Remaining Under-represented groups (Native American, Alaskan Native, Hawaiian, Pacific Islander, or Two or More Races)	1%	2%	2%	2%	2%
No Data	0%	1%	1%	2%	2%

	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23^{3,4}
Percentage of Employee Turnover by Gender					
Male	n/a	n/a	8%	11%	7%
Female	n/a	n/a	8%	11%	7%
	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23^{3,4}
Percentage of Employee Turnover by Age Group					
Under 30 years of age	n/a	n/a	16%	21%	11%
30-50 years of age	n/a	n/a	7%	10%	7%
Over 50 years of age	n/a	n/a	3%	5%	5%
	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23^{3,4}
Percentage of Employee Turnover by Region					
Americas (North America, Latin America)	n/a	n/a	6%	12%	8%
Asia Pacific (excluding China)	n/a	n/a	7%	11%	10%
China	n/a	n/a	10%	12%	6%
EMEA (Europe, Middle East, Africa)	n/a	n/a	4%	7%	7%

Employee training

	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23
Average Training Hours Per Employee					
Individual Contributors and Contractors					
Female	n/a	n/a	4	9	8
Male	n/a	n/a	4	10	8
Undeclared	n/a	n/a	3	5	5
Middle Management					
Female	n/a	n/a	4	9	9
Male	n/a	n/a	5	10	9
Undeclared	n/a	n/a	9	39	28

	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23
Senior Management/Executives					
Female	n/a	n/a	3	6	4
Male	n/a	n/a	3	6	4
Undeclared	n/a	n/a	n/a	n/a	n/a
Percentage of Employees Trained					
Individual Contributors and Contractors					
Female	n/a	n/a	32%	32%	32%
Male	n/a	n/a	47%	47%	47%
Undeclared	n/a	n/a	2%	2%	2%
Middle Management					
Female	n/a	n/a	4%	4%	4%
Male	n/a	n/a	13%	13%	13%
Undeclared	n/a	n/a	0%	0%	0%
Senior Management/Executives					
Female	n/a	n/a	0%	0%	0%
Male	n/a	n/a	1%	1%	1%
Undeclared	n/a	n/a	n/a	n/a	n/a

Manufacturing employee health and safety training

FY 2018/19 FY 2019/20 FY 2020/21 FY 2021/22 **FY 2022/23**

Hours of training per manufacturing employee	35	35	52	35	45
---	----	----	----	----	-----------

Occupational health and safety (OHS) - safety

FY 2018/19 FY 2019/20 FY 2020/21 FY 2021/22 **FY 2022/23**

Incident Rates (work-related)					
Recordable Rate	0.03	0.03	0.04	0.07	0.08
Lost-Time Rate	0.03	0.03	0.03	0.05	0.05
Number of employee fatalities	0	0	0	0	0
Number of contractor fatalities ⁵	0	0	0	0	1
Lost Days	287	82	143	384	324

FY 2018/19 FY 2019/20 FY 2020/21 FY 2021/22 **FY 2022/23**

Number of ISO 45001:2018 registered facilities	14	11	11	11	15
---	----	----	----	----	-----------

Communities and philanthropy

FY 2018/19 FY 2019/20 FY 2020/21 FY 2021/22 **FY 2022/23**

Corporate Cash and Product Donations⁶					
Lenovo Foundation and Donor Advised Funds	\$799,372	\$482,887	\$545,552	\$872,068	\$1,993,187
China ⁷	\$308,274	\$5,440,440	\$2,778,093	\$9,801,972	\$11,606,068
North America	\$1,319,070	\$4,788,665	\$4,520,545	\$4,996,881	\$5,719,667
Latin America ⁸	\$155,674	\$2,507,863	\$2,134,833	\$1,200,680	\$3,371,355
EMEA (Europe, Middle East, Africa)	\$159,621	\$407,535	\$988,612	\$915,180	\$2,320,280
Asia Pacific (excluding China) ⁹	\$148,500	\$855,386	\$863,638	\$841,510	\$1,516,954

	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23
--	------------	------------	------------	------------	-------------------

**Employee Volunteering Hours
(through efforts sponsored by
Lenovo)**

North America	28,242	9,838	4,161	5,873	13,093
Rest of World	9,072	17,046	15,335	77,564	34,961
Estimated Value of Employee Volunteer Hours ¹⁰	\$1,616,794	\$1,156,022	\$838,307	\$3,587,791	\$2,066,322

Employee Giving

Lenovo Match of Global Employee Donations ¹¹	\$440,629	\$1,344,085	\$1,541,679	\$2,239,305	\$1,813,404
--	-----------	-------------	-------------	-------------	--------------------

	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23
--	------------	------------	------------	------------	-------------------

Total Contribution to Communities¹²	n/a	\$14,482,776	\$11,831,274	\$20,867,596	\$28,340,914
---	-----	--------------	--------------	--------------	---------------------

**Estimated value of community impact
through philanthropy and
volunteerism**

n/a	\$16,982,883	\$14,211,260	\$24,455,388	\$30,407,236
-----	--------------	--------------	--------------	---------------------

	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23¹³
--	------------	------------	------------	------------	--------------------------------

"Love on" Annual Service Project

Participating Locations	38	54	52	79	73
Number of Projects	45	86	132	117	126
Employee Volunteers	2,100	2,855	3,120	3,653	3,747
Hours Spent in Direct, Hands-on Service	9,700	13,355	19,267	13,538	16,180
Individuals Directly Impacted through Projects	32,526	55,942	38,478	42,075	67,520

Environmental data

	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23
Greenhouse Gas (GHG) Emissions (metric tons CO₂ equivalent — MT CO₂e)					
Scope 1	6,031	7,766	7,269	6,069	6,303
Scope 2 (location-based)	201,321	162,597	177,678	191,778	202,440
	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23
Total Scope 1 and Scope 2 (location-based)	207,352	170,363	184,947	197,847	208,742
Scope 2 (market-based)	26,029	23,852	21,519	21,160	19,540
	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23
Scope 3					
Business Travel	53,500	46,900	11,900	20,255	38,846
Product Transportation ¹⁴	580,363	616,416	815,262	737,979	538,156
Emissions from Waste ¹⁵	1,920	2,110	1,770	1,810	1,808
Employee Commuting	23,600	24,900	39,800	41,043	45,568
Purchased Goods and Services ^{16, 17, 18}	6,475,009	7,032,426	6,495,779	7,798,826	8,662,378
Fuel-and-Energy Related Activities (not included in Scope 1 or 2) ¹⁹	12,100	10,385	11,050	12,000	12,924
Use of Sold Products ²⁰	12,885,000	13,669,000	15,551,000	8,270,000	8,451,000
End of Life Treatment of Sold Products ²⁰	273,500	274,000	303,500	181,000	157,000
Capital Goods ²¹	127,500	446,500	736,500	360,000	833,800
Total	20,432,492	22,122,637	23,966,561	17,422,913	18,741,480
	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23
Emissions Intensity: GHG Emissions — Scope 1 and Scope 2 (location-based) (metric tons per US\$ million revenue)					
	4.06	3.36	3.04	2.76	3.37

	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23
--	------------	------------	------------	------------	-------------------

Operational Energy Intensity Use

Scope 1 and Scope 2 (location-based) (MWh per US\$ million revenue)

Fuel Combustion	0.61	0.69	0.55	0.34	0.47
Purchased Energy (electricity, steam, cooling)	6.20	5.77	5.16	4.78	5.87

	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23
--	------------	------------	------------	------------	-------------------

Operational Energy Use — Scope 1 and Scope 2 (location-based) (MWh)

Fuel Combustion	30,904.82	35,152.32	33,156.59	24,546	29,165
Purchased Energy (electricity, steam, cooling) ²²	316,482.68	292,645.18	313,526.43	342,340	363,660

	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23
--	------------	------------	------------	------------	-------------------

Energy Consumption by Primary Energy Source (gigajoules)

Fuel	111,257	126,548	119,364	88,364	104,994
Indirect energy:					
Electricity	979,486	979,740	1,053,903	1,165,186	1,256,824
Steam	144,240	66,051	70,092	62,213	50,269
Cooling	9,016	7,731	4,701	5,023	2,081
Total²³	1,243,999	1,180,071	1,248,059	1,320,787	1,414,169

	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23
--	------------	------------	------------	------------	-------------------

Energy Consumption by Primary Energy Source (MWh)

Fuel	30,905	35,152	33,157	24,546	29,165
Indirect energy:					
Electricity	273,912	272,150	292,751	323,663	349,118
Steam	40,067	18,348	19,470	17,281	13,964
Cooling	2,504	2,148	1,306	1,395	578
Total²³	347,388	327,798	346,683	366,885	392,825

	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23
Direct Energy Consumption by Source (Fuel Detail) (gigajoules)					
Gas/diesel oil (stationary combustion)	10,321	6,442	9,712	5,058	7,122
Natural gas (stationary combustion)	94,476	115,375	106,317	77,757	73,118
Liquefied petroleum gas (LPG) (stationary combustion)	2,550	1,628	1,454	1,401	1,227
On road diesel fuel (mobile combustion)	955	801	626	1,593	1,909
Gasoline/petrol (mobile combustion)	1,703	1,112	996	1,492	1,174
Liquefied petroleum gas (LPG) (mobile combustion)	188	260	236	112	91
Compressed natural gas (CNG) (mobile combustion)	-	-	-	-	-
Jet Kerosene (mobile combustion)	1,064	930	21	952	20,353
Total²³	111,257	126,548	119,364	88,364	104,994
	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23
Direct Energy Consumption by Source (Fuel Detail) (MWh)					
Gas/diesel oil (stationary combustion)	2,867	1,789	2,698	1,405	1,978
Natural gas (stationary combustion)	26,243	32,049	29,533	21,599	20,310
Liquefied petroleum gas (LPG) (stationary combustion)	708	452	404	389	341
On road diesel fuel (mobile combustion)	265	223	174	442	530
Gasoline/petrol (mobile combustion)	473	309	277	415	326
Liquefied petroleum gas (LPG) (mobile combustion)	52	72	66	31	25
Compressed natural gas (CNG) (mobile combustion)	-	-	-	-	-
Jet Kerosene (mobile combustion)	295	258	6	264	5,654
Total²³	30,905	35,152	33,157	24,546	29,165

	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23
--	------------	------------	------------	------------	-------------------

**Global GHG Emissions by Markets
(location-based) (MT CO₂e)**

Scope 1

Brazil	20	340	202	57	31
Chinese Mainland	3,860	3,190	3,826	3,719	2,401
Taiwan, China	177	0	0	-	-
Germany	1,047	652	731	831	720
Hungary	-	-	-	379	132
India	45	84	104	58	44
Japan	268	191	216	226	202
Mexico	80	625	97	80	340
United States	254	2,484	1,931	525	896
Rest of the World ²⁴	279	200	162	195	158

	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23
--	------------	------------	------------	------------	-------------------

Scope 2 (location-based)

Brazil	1,997	1,566	1,321	1,361	1,087
Chinese Mainland	161,087	124,336	147,375	159,278	165,443
Taiwan, China	2,231	2,091	2,231	2,962	4,811
Germany	1,761	1,612	1,249	1,036	961
Hungary	-	-	-	1,219	2,080
India	3,058	2,914	2,690	2,954	2,817
Japan	5,047	5,754	5,133	4,794	4,552
Mexico	3,462	5,029	5,543	6,272	8,282
United States	18,615	15,220	8,939	8,489	9,640
Rest of the World ²⁴	4,062	4,075	3,197	3,412	2,768

	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23
Renewable Energy					
Solar Energy (MWh)	3,938	4,226	9,065	9,360	13,333
Generation Capacity (MW) ²⁵	12.42	16	16	17	17
Water Withdrawal (Megaliters)					
Withdrawal (All Areas) ^{26, 27}	1,391.30	1,307	1,428	1,567	1,499
Percent Withdrawal from Groundwater (All Areas)	n/a	n/a	<1%	<1%	<1%
Percent Withdrawal from Third-Parties (All Areas)	n/a	n/a	>99%	>99%	>99%
Withdrawal (Areas with water stress) ²⁸	n/a	322	343	377	330
Percent Withdrawal from Groundwater (Areas with water stress)	n/a	n/a	<1%	<1%	<2%
Percent Withdrawal from Third-Parties (Areas with water stress) ²⁹	n/a	n/a	>99%	>99%	>98%
Percent Third-party Water Withdrawal from Surface Water (Areas with water stress)	n/a	n/a	72%	73%	77%
Percent Third-party Water Withdrawal from Groundwater (Areas with water stress)	n/a	n/a	8%	9%	10%

	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23
Water Discharge (Megaliters)					
Discharge (All Areas) ²⁶	1,256.40	1,183	1,294	1,469	1,481
Percent Discharge to Groundwater (All Areas)	n/a	n/a	<1%	<1%	<1%
Percent Discharge to Third-Parties (All Areas)	n/a	n/a	>99%	>99%	>99%
Discharge (Areas with water stress) ²⁸	n/a	298	326	371	323
Wastewater Exceedances	0	0	0	1	0
	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23
Water Consumption (Megaliters)					
Consumption (All Areas) ²⁶	134.9	124	134	98	18
Consumption (Areas with water stress) ²⁸	n/a	24	17	5	7
	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23
Water Intensity Metrics (cubic meters per person)³⁰					
Withdrawal Intensity	n/a	n/a	20	21	19
Discharge Intensity	n/a	n/a	18	20	19
Consumption Intensity	n/a	n/a	2	1	0.2
	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23
Waste by Category (Metric Tons)³¹					
Nonhazardous Waste ³²	45,439.49	43,023	51,648	49,403	50,420
Hazardous Waste ³³	66.11	74	37	125	679
Total	n/a	n/a	51,685	49,528	51,099
Total Diverted from Disposal	n/a	n/a	46,198	43,705	44,644
Total Directed to Disposal	n/a	n/a	5,487	5,823	6,455

	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23
Waste Diverted from Disposal by Recovery Operation (Metric Tons)³⁴					
Total Nonhazardous Waste Diverted for Recovery	n/a	n/a	46,195	43,656	44,056
Nonhazardous Waste Diverted for Resale/Reuse	n/a	n/a	28,099	24,599	23,072
Nonhazardous Waste Diverted for Recycling ³⁵	n/a	n/a	18,096	19,056	20,984
Total Hazardous Diverted for Recovery ³⁶	n/a	n/a	3	49	588
Waste Directed to Disposal by Disposal Operation (Metric Tons)³⁷					
Total Nonhazardous Waste Directed to Disposal	n/a	n/a	5,453	5,747	6,364
Nonhazardous Waste Directed to Incineration	n/a	n/a	27	776	2,337
Nonhazardous Waste Directed to Incineration with Energy Recovery	n/a	n/a	3,093	3,262	3,075
Nonhazardous Waste Directed to Landfilling	n/a	n/a	2,334	1,709	952
Total Hazardous Waste Directed to Disposal	n/a	n/a	34	76	91
Hazardous Waste Directed to Incineration	n/a	n/a	28	73	75
Hazardous Waste Directed to Landfilling	n/a	n/a	0.09	0	0.6
Hazardous Waste Directed to Treatment	n/a	n/a	6	3	16

	CY 2018	CY 2019	CY 2020	CY 2021	CY 2022
Product End-of-Life Management (PELM) Disposition (Metric Tons)³⁸					
Reused	652	1,557	1,695	1,875	see footnote 39
Recycled	18,919	24,856	28,076	30,143	see footnote 39
Waste to Energy (WTE)	845	987	793	523	see footnote 39
Incinerate	338	1,126	1,978	728	see footnote 39
Landfill	255	159	340	894	see footnote 39
Total	21,010	28,685	32,882	34,163	see footnote 39
	CY 2018	CY 2019	CY 2020	CY 2021	CY 2022
Product Take Back (PTB) Disposition (Metric Tons)³⁸					
Reused	309	1,023	1,536	1,556	see footnote 39
Recycled	18,589	24,112	27,249	29,295	see footnote 39
Waste to Energy (WTE)	845	987	782	519	see footnote 39
Incinerate	338	1,041	1,904	728	see footnote 39
Landfill	254	143	324	885	see footnote 39
Total	20,334	27,306	31,795	32,983	see footnote 39
	CY 2018	CY 2019	CY 2020	CY 2021	CY 2022
Use of Recycled Plastics in Products (kilograms)⁴⁰					
Plastics Containing Recycled Content (PCRC)	7,757,414	7,721,398	5,946,839	7,787,871	6,973,663
Net Post Consumer Recycled Content (PCC)	5,537,278	5,840,788	4,352,788	5,760,388	5,243,723

	CY 2018	CY 2019	CY 2020	CY 2021	CY 2022⁴⁵
	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23
ENERGY STAR® Certified Products Availability (% of product)					
Notebook Platforms ⁴¹					
Notebook Platforms ⁴¹	92%	93%	98%	92%	90%
Desktop Platforms ⁴²	97%	97%	97%	98%	83%
Workstation Platforms	80%	90%	98%	100%	100%
Server Platforms ⁴³	90%	94%	90%	94%	92%
Monitors ⁴⁴	98%	94%	90%	80%	69%
Average Packaging Weight per Unit by Product Category (grams)					
Notebook					
Notebook	n/a	n/a	528	528	528
Desktop	n/a	n/a	1,900	1,900	1,900
Server	n/a	n/a	4,614	4,614	4,614
Workstation	n/a	n/a	1,700	1,700	1,700
Monitor	n/a	n/a	1,920	1,920	1,920
Smartphone	n/a	n/a	100	100	110
Tablet	n/a	n/a	373	373	373
Accessory	n/a	n/a	300	300	300
Total Packaging (Metric Tons)					
Total Packaging Material Used for Finished Products ⁴⁶					
Total Packaging Material Used for Finished Products ⁴⁶	n/a	n/a	115,041	119,621	99,978

Footnotes for consolidated metrics:

- 1 At March 31, 2023, the Group had a headcount of approximately 77,000 worldwide.
- 2 Employment type and geographical data is aligned with the FY 2022/23 Financial Annual Report.
- 3 Employee representation data includes Lenovo regular employees only. Data excludes:
- Consultants and vendors working through a contract agency or third-party performing services or consulting on site for a brief time and hence excluded from the scope.
 - Contractors who usually perform non-critical, non-core jobs and their employment decisions, including pay and benefits, are made by the third-party employer – and hence excluded from the scope.
 - Supplemental students who are interns or who are hired for a very short window of time and hence excluded from the scope.
- 4 Turnover rate data covers voluntary departure of Lenovo regular employees for the full FY 2022/23. Involuntary turnover is planned exit of Lenovo regular employees which is in alignment with the Company strategy and decisions. Hence, as a strategic and standard practice, this is excluded from reporting.
- 5 For more information on the incident that occurred in FY 2022/23, see page 45.
- 6 The Company's response to natural disasters is tracked at the geo level.
- 7 China giving reflects tracking of Lenovo Foundation Beijing.
- 8 Total giving Latin America reflects tracking of Brazilian tax incentive programs.
- 9 Total contribution in Asia Pacific includes the Company's commitment to the India Companies Act.
- 10 Estimated value of employee volunteer hours is calculated based off an entry level hourly wage of \$43 per hour.
- 11 Employee giving represents the corporate match from the Company for employees around the world (not employees' personal contributions).
- 12 Total contribution to communities is the sum of cash contributions, product donations, and the Company's match of employee contributions. Estimated value of community impact is the sum of estimated value of employee volunteerism.
- 13 Love on Month of Service experienced a drop in office participation due to the loss of one global, multi-site project and disruptions due to the ongoing Covid-19 pandemic.
- 14 Product transportation emissions include finished goods transport, from factories to customers. Emissions are calculated and provided by the Company's third party service provider EcoTransIT. The values for previous years are being restated to correct minor errors in the database. From FY 2022/23 this value will also include warehouse emissions. The FY 2022/23 value without including warehouse emissions is 537,446 MT CO₂e.
- 15 Emissions from waste include nonhazardous waste, hazardous waste and wastewater from all manufacturing, R&D locations and some large offices. No product waste is included.
- 16 The Company is in the process of improving input data for this Scope 3 category. The data reported here is the best available estimate at the time of publication. In the FY 2023/24 ESG Report, data will be restated if needed to reflect any improved input data.
- 17 Purchased goods and services include suppliers covering 100% of direct global suppliers spend. Emissions are estimated based on procurement spending in FY22-23. The US Environmentally-Extended Input-Output (USEEIO) supply chain emission factors database from US Environmental Protection Agency (US EPA) were used for emission factors for different type of purchased commodities.
- 18 The values for previous years are being restated due to methodology improvement.
- 19 Fuel- and energy-related activities (not included in Scope 1 or 2) include transmission & distribution (T&D) losses from the Company's worldwide purchased electricity and natural gas. A World Bank database and Energy Star Performance Rating document were used for determining T&D loss rates.
- 20 The Company used the current Product Attribute Impact Algorithm (PAIA) notebook, desktop, monitor, tablet, all-in-one, thin client and server tool for calculating emissions of its typical notebook, desktop, monitor, tablet, all-in-one, thin client and server. The calculated results show emissions distribution by different parts and also for use, packaging, transportation, and end-of-life treatment categories. The emissions associated with use and end-of-life treatment of sold products were estimated on a "narrow" baseline for the typical notebook, desktop, monitor, tablet, all-in-one, thin client and server multiplied by sold/shipped product volumes.
- 21 Emissions from capital goods are based on purchased capital goods in a given year. The 2012 Guidelines to Defra GHG Conversion Factors for Company Reporting, Annex 13 was used for emission factors for different type of capital goods adjusted for inflation rate and exchange rate.
- 22 Approximately less than 1% of purchased energy (electricity) is estimated based upon energy use at the Company's similar facilities with metered usage.
- 23 When totals are slightly different than the exact sum of individual numbers it is due to rounding.
- 24 Brazil, Germany, Hungary, India, Japan, Mexico, United States, Chinese mainland, Taiwan, China represent manufacturing and R&D sites in these markets. "Rest of the World" represents all sites managed by the Company's Real Estate organization (non-manufacturing) across the world (small and large – except the ones in regions listed above).
- 25 Renewable energy generation capacity includes electric solar panels in Hefei and Wuhan, China and Morrisville and Whitsett, NC, USA and Budapest, Hungary.
- 26 For FY 2022/23, All Areas includes all the Company's manufacturing, research & development, and large office sites. In earlier FYs, some research and development and large office locations were excluded while the Company worked to increase data coverage. Small offices and retail locations are always excluded from the water reporting requirements, but a few small offices voluntarily report and are included.
- 27 All water withdrawals are estimated to be freshwater withdrawals. Due to the Company's reliance on third-parties for the vast majority of its water withdrawals, it is not possible to determine the exact parameters of all sources, but it is reasonable to assume the majority of the sources had low Total Dissolved Solids (TDS) based on local knowledge and communication with third-parties.
- 28 Areas with water stress are areas with high or extremely high baseline water stress according to World Resources Institute's Aqueduct Water Risk Atlas. Values reported for areas with water stress are a subset of values reported for all areas.
- 29 Third-party withdrawal by source was collected for all the Company's environmentally significant sites (which are the Company's manufacturing and R&D locations). In FY 2022/23, these locations comprised approximately 87% of the Company's third-party withdrawal from water stressed areas. The remaining 13% are primarily from office locations that often require less water and operate as part of a larger office complex where they may not be directly billed by the third-party responsible for withdrawals.

- 30 Water intensity metrics are based on the Company's total global headcount which includes the headcount of the excluded locations mentioned in Note 26.
- 31 The Company's day-to-day operations around the globe generate nonhazardous waste and minimal quantities of hazardous waste. The intensity metrics for this nonhazardous and hazardous waste are not material for reporting. Waste data includes site waste from most manufacturing, processes and operations, research & development sites, and large offices. Waste from products is reported separately. E-waste generated at the Company's sites is also included in PELM data.
- 32 Batteries collected at the Company's sites are also included in the PELM data.
- 33 The Company does not operate any onsite recovery operations; all wastes are separated onsite to be collected by third-parties for recovery offsite.
- 34 Recycling includes some composting of nonhazardous, organic wastes.
- 35 All hazardous waste diverted for recovery was diverted for recycling.
- 36 The Company does not operate any onsite disposal operations; all wastes are separated onsite to be collected by third-parties for disposal offsite.
- 37 The Company's Product End-of-Life Management (PELM) and Product Take Back (PTB) includes materials from customers and company-owned country returns, manufacturing and R&D scrap, and employee equipment from real estate sites. These metrics represent all data received from PELM suppliers as of the time of publication of this report.
- 38 At the time of publication of this report, data from various regulatory programs/schemes was not available. The Company will publish the CY 2022 PELM and PTB data on the corporate ESG webpage www.lenovo.com/recycling when it becomes available.
- 39 These metrics represent all data received from recycled plastics suppliers at the time of publication.
- 40 The CY 2021 and CY 2022 decrease in percent of notebooks can be attributed to an expanded line of gaming system notebooks that either could not meet the Energy Star requirements or the Company decided not to go for certification.
- 41 The CY 2022 decrease in percent of desktops can be attributed to an expanded line of gaming system desktop systems and the Company deciding not to go for certification for some products based on low demand for certification and cost factors.
- 42 The CY 2022 decrease in percent of server platforms can be attributed to the Company deciding not to go for certification of some server systems based on low demand for certification and cost factors.
- 43 The CY 2021 decrease in percent of monitors was associated with an expanded line of low cost, entry-level consumer displays. The CY 2022 decrease can be attributed to an expanded line of gaming displays and also the Company deciding not to go for certification for some products based on low demand for certification and cost factors.
- 44 In CY 2022 100% of the Company's Commercial Notebooks (ThinkPad) and Desktops (ThinkCentre), and 97% of its Commercial Monitors (ThinkVision) are ENERGY STAR certified.
- 45 Estimated using the average packaging weight per unit and total shipping volumes for the following categories of products: notebooks, desktops, servers, workstations, monitors, smartphones, tablets, and accessories.
- 46 In FY 2022/23, the packaging material consumption came down because of fewer shipments.





8.0 EMS performance, objectives and targets

116 FY 2022/23 EMS performance

8.0 EMS performance, objectives and targets

FY 2022/23 EMS performance

Target type	Objectives	Metric/KPI	Target code	Target(s)	Status
Product aspects					
Product energy consumption and emissions	Drive reduction in product energy use.	Energy efficiency	PE1	<p>New products must show improved energy efficiency relative to the previous generation of the product.¹</p> <p><u>Notebooks</u>: Improve energy efficiency on average for comparable notebooks by 30% by March 31, 2030, relative to FY 2018/19.</p> <p><u>Desktops</u>: Improve energy efficiency on average for comparable desktops by 50% by March 31, 2030, relative to FY 2018/19.</p> <p><u>Servers</u>: Improve energy efficiency on average for comparable servers by 50% by March 31, 2030, relative to FY 2018/19.</p> <p><u>Mobile Business Group (MBG) products</u>: Improve energy efficiency on average for comparable MBG products by 30% by March 31, 2030, relative to FY 2020/21.</p>	Long term target: on track
	Drive product emissions reductions from use of sold products.	GHG	PE2	Reduce Scope 3 GHG emissions (value chain) from use of sold products ~35% on average for comparable product by FY 2029/30 from a FY 2018/19 base year. ²	Long term target: on track
	Quantify lifecycle CO ₂ e emissions associated with the use of Lenovo products.	PCF (kg CO ₂ e)	PCF1	Ensure product carbon footprint is published for all new Lenovo products. ³	Target met
	Quantify lifecycle CO ₂ e emissions and environmental footprints associated with the use of Lenovo products.	PCF (kg CO ₂ e) and the other environmental footprints	PCF2	Optimize Lenovo Life-Cycle Assessment (LCA) platform with supply chain before March 31, 2023. ⁴	Target met
			PCF3	Perform LCA for at least eight Lenovo selected products and materials/technologies by March 31, 2023. ⁵	Target met

Target type	Objectives	Metric/KPI	Target code	Target(s)	Status
Product materials ^{9, 10, 11}	All products across all business units shall contain Recycled Material. ¹²	% products containing PCC; average % PCC in product/ weight (for PM1 and PM2)	PM1	By FY 2025/26, 100% of PC products will contain post-consumer recycled content materials. ⁶	Long term target: on track
		% products containing higher PCC/ number products containing higher PCC	PM2	By FY 2025/26, we will use 300 million pounds of post-consumer recycled content plastics in our products ⁷ .	Long term target: on track
		Explore innovative applications and programs for lower environmental impact.	PM3	From April 1, 2022, at least one product needs to meet higher PCC levels for new products: DT/Workstation/AIO 35%, NB 10%, Tablet 5%, Visual 50%, Servers 10% and Smartphones 5%. ⁸	Target met
			PM4	Explore innovative applications and programs for lower environmental impact (e.g., recycled material LCA/PCF, post-consumer recycled metal, high % PCC material, recycled rare Earth elements).	Target met
	Sustain technological advances and maintain portfolio relative to low halogen products. Monitor and respond to market requirements in this area.	Low halogen parts	PM5	For products requiring IEEE 1680.1 or NSF/ANSI 426 registration, ensure each plastic part in the product exceeding 25 g shall not contain greater than 1000 ppm chlorine or greater than 1000 ppm bromine at the homogeneous level per the requirements and exceptions allowed in the IEEE 1680.1 or NSF/ANSI 426 standard.	Target met
			PM6	For products requiring TCO 9 certification, the power PCB laminate of the internal/ external power supply unit must not contain intentionally added (additive or reactive) flame retardants or plasticizers with halogenated substances. ¹³	Target met
			PM7	By FY 2025/26, 100% of smartphone products and accessories will be free of PVC and BFR. ¹⁴	Long term target: on track
			PM8	100% of new smartphone products will be free of CFR by the end of FY 2022/23. ¹⁵	Target met

Target type	Objectives	Metric/KPI	Target code	Target(s)	Status
Packaging	Minimize packaging material consumption while driving the use of environmentally sustainable materials.	Weight or volume reduction	PP1	Achieve 5% reduction in weight or volume for at least 1 product.	Target met
		Plastic elimination	PP2	Eliminate 100,000 km of single use plastic packaging tape by FY 2025/26 (starting from 2018).	Long term target: on track
			PP3	Accomplish plastic-free packaging for one MBG telecom customer.	Long term target: on track
	Increase more eco-friendly content of packaging.	% Recycled or biodegradable content	PP4	Introduce recycled content PE to all cushioning foams.	Target met
			PP5	Introduce recycled plastic bag (made from 30% ocean bound recycle) to all ISG products.	Target met
			PP6	Identify five new Lenovo products for which to implement use of 100% renewable bio-based packaging.	Target met
			PP7	By CY 2024, increase the recycled ratio of PE from 70% to 95% (ISG).	Long term target: on track
			PP8	By FY 2025/26, 90% of PC products' plastic packaging will be made from recycled materials. ¹⁶	Long term target: on track
			PP9	By FY 2025/26, 60% of smartphones products' plastic packaging will be made from recycled materials.	Long term target: on track
			PP10	By FY 2025/26, smartphone packaging will use 50% less single-use plastics and reduce in size/volume by 10%. ¹⁷	Long term target: on track
	Drive efficiencies in regulatory reporting.	Packaging data (weight, materials, etc.)	PP11	Enable regulatory packaging reporting database and explore new data sharing tools.	Long term target: on track

Target type	Objectives	Metric/KPI	Target code	Target(s)	Status
Location aspects					
Site air emissions	Absolute reduction in CO ₂ e emissions from Lenovo operations worldwide.	Metric tons CO ₂ e	SAE1	Reduce absolute Scope 1 and 2 GHG emissions by 50% by FY 2029/30 from a FY 2018/19 base year. ^{18, 19}	Long term target: on track
Site energy consumption	Maximize energy efficiency and minimize CO ₂ e emissions associated with the development, manufacturing and delivery of Lenovo products.	% total electricity from renewable energy sources	SEC1	By FY 2025/26, 90% of our global operations' electricity will be obtained from renewable sources. ²⁰	Long term target: on track
		Energy consumption in kWh per production volume	SEC2	Achieve year-over-year improved energy intensity index ²¹ at manufacturing sites globally, relative to the previous FY.	Target met
		Electricity consumption in kWh per person	SEC3	Achieve year-over-year improved electricity intensity ²² at R&D and office sites globally, relative to the previous FY.	Target met
		Renewable energy on-site installation	SEC4	Explore on-site installation of renewable energy sources at Lenovo facilities.	Long term target: on track
Waste management	Minimize environmental impacts associated with solid waste generated from Lenovo operations and products.	% nonhazardous solid waste recycled	WM1	Maintain a global nonhazardous waste recycling rate > 90% (+/-5%). ²³	Target met
Water management	Minimize environmental impacts associated with water withdrawal and water discharge from Lenovo operations and products.	Water withdrawal	WM2	Maintain rate of water withdrawal per person at sites ²⁴ globally, relative to the previous FY (no more than 5% increase). ²⁵	Target met

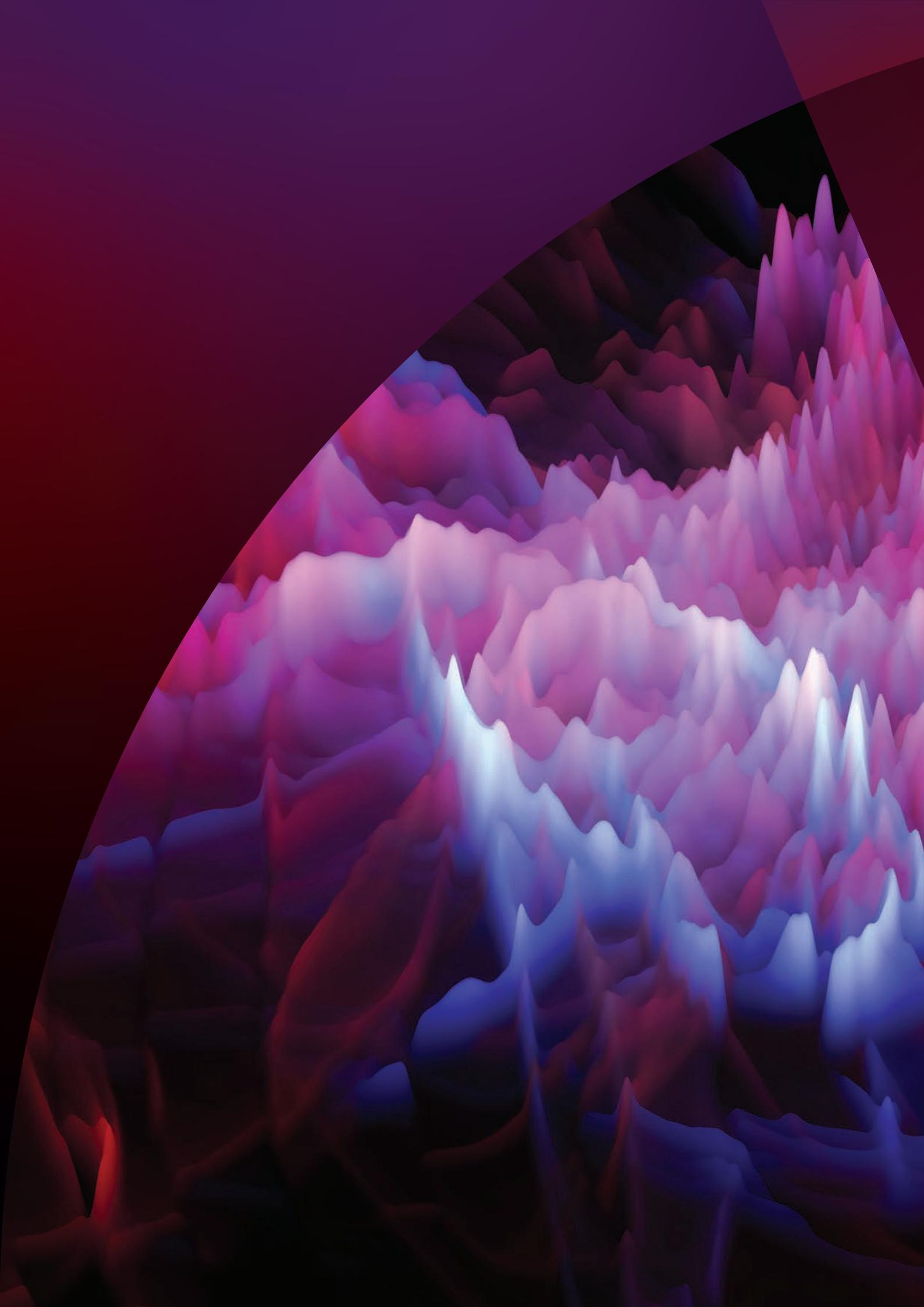
Target type	Objectives	Metric/KPI	Target code	Target(s)	Status
Supply chain aspects					
Product end-of-life management	Minimize the environmental impact of Lenovo products at end of life.	Recycle, repair, and reuse Lenovo products and parts.	PELM1	By FY 2025/26, we will have enabled the recycling and reuse of 800 million pounds (362,874 MT) of end-of-life products (cumulative since CY 2005).	Long term target: on track
			PELM2	By FY 2025/26, 84% of repairs can be done at the customer site, without having to send their PC to a service center. ²⁶	Long term target: on track
			PELM3	By FY 2025/26, 76% of repairable PC parts returned to each service center will be repaired for future use. ²⁷	Long term target: on track
Supplier environmental performance	Monitor and mitigate environmental impact in the Lenovo supply chain, and drive to improve suppliers' environmental management level.	Product suppliers' GHG emissions reduction/removal	SEP1	By FY 2025/26, we will remove one million tons of greenhouse gas emissions from our supply chain (vs. FY 2018/19 measured emissions).	Long term target: off track
		Emissions (Scope 3) from purchased goods and services per million US\$ gross profit	SEP2	Reduce Scope 3 GHG emissions (supply chain) from purchased goods and services 66.5% per million US\$ gross profit by FY 2029/30 from a FY 2018/19 base year. ²	Long term target: on track
		Product suppliers' renewable energy usage	SEP3	Engage ten product suppliers to source 1/3 of energy from renewable sources for Lenovo-related businesses.	Target partially met
		CDP Climate Change or Water Security Questionnaire response rate	SEP4	Achieve Lenovo product supplier response rate to CDP questionnaires at the following levels based on procurement spend: Climate Change =95%.	Target met
		Suppliers' SBT participation	SEP5	Achieve 30% (stretch 35%) of Lenovo product suppliers based on procurement spend to commit/have science-based emission reduction targets.	Target met

Target type	Objectives	Metric/KPI	Target code	Target(s)	Status
Transportation	Drive collaborative environmental efforts in Lenovo's global logistics.	Demand management	SEP6	Enhance demand management by optimizing shipped volumes.	Target met
		Modes of transport	SEP7	Increase shift to more environmentally friendly modes of transport.	Target met
		Fleet and asset utilization and efficiency	SEP8	Improve fleet and asset utilization and efficiency.	Target met
		Usage of low emissions fuel	SEP9	Explore opportunities for low emissions fuels.	Long term target: on track
		Scope 3 GHG emissions from upstream transportation and distribution	SEP10	Reduce Scope 3 GHG emissions from upstream transportation and distribution 25% per tonne-km of transported product by FY 2029/30 from a FY 2018/19 base year.	Long term target: on track

Footnotes:

- 1 If new products don't fall in one of the sub-categories in the listed sub-targets, they default to the general energy efficiency improvement relative to the previous generation of the product. An exemption from targets in this area may be requested where the BU can clearly demonstrate achieving the target places the Lenovo product at a large price disadvantage against its competition or is not technically feasible.
- 2 Updated based on SBTi net-zero approved target.
- 3 For products for which a PAIA tool exists. If requested by GEO sales or/and customers, provide a tailored PCF evaluation based on the specific product configuration.
- 4 Collaboration with 30+ key suppliers.
- 5 Desktops, commercial notebooks, servers, visuals and accessories as appropriate.
- 6 Excludes tablets and accessories.
- 7 Cumulative total since 2005.
- 8 Cumulative total since FY 2005/06.
- 9 Availability of recycled content can be determined through consultation with environmental affairs and/or suppliers on the Lenovo Approved PCC Supplier list.
- 10 To drive increased usage of PCC, all BUs shall include a requirement for the identification of applications for the use of PCC in MRD and RFI/RFQ.
- 11 PCC percentage is calculated using EPEAT methodology.
- 12 Recycled material includes PIC, PCC/PCR, CL-PCC/PCR, ocean bound plastic (OBP) and recycled metal.
- 13 Exempted are all other parts, such as electronic components, other PCB laminates and all kinds of cable insulation. The concentration of bromine or chlorine shall be less than 0.1%.
- 14 Controlled at 1000 ppm.
- 15 New smartphone products from April 1, 2022.
- 16 Measured by weight and excludes tablets, accessories and monitors.
- 17 Relative to FY 2020/21 and excludes RAZR and Lenovo smartphone packaging.
- 18 This goal may be accomplished through energy efficiency, installation of onsite renewable generation, entry into power purchase agreements (PPA) with power providers, and/or the purchase of renewable energy.
- 19 Scope 2 emissions is market-based.
- 20 This goal 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.
- 21 Energy intensity index is energy consumption in kWh per production volume.
- 22 Electricity intensity is electricity consumption in kWh per person.
- 23 Percent of nonhazardous solid waste disposed of through reuse, recycling, or composting. Does not include incineration with energy recovery.
- 24 Includes all manufacturing, R&D, and large office sites that are able to report water withdrawal.
- 25 An exemption might be granted to sites where pandemic-related behavioral changes and/or requirements makes this unattainable.
- 26 Excludes Android tablets and visuals.
- 27 Measured by value.

While Lenovo seeks to establish consistent reporting of objectives and targets, we reassess and adjust them periodically as part of our EMS continuous improvement process with the aim to drive dynamic growth year over year in compliance with evolving customers, standards, and other external requirements. We are encouraged by our successes and progress and recognize that there is more to be done. As we look ahead, we aim to drive environmental improvements through the FY 2023/24 EMS targets.



9.0 Long-term KPI progress

124 Long-term ESG key performance indicators (KPI)

9.0 Long-term KPI progress

Long-term ESG key performance indicators (KPI)

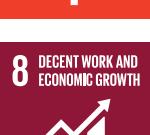
The Company is advancing its ESG program with long-term KPIs developed in FY 2021/22 to further its support of the UN Global Compact (UNGC) Sustainable Development Goals (SDGs). The Company will measure and report on its progress each year.

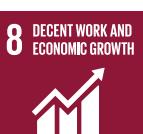
Environmental

KPI type	Commitment	KPI	Progress through FY 2022/23	UNGC SDG
Climate change mitigation	Lenovo has set aggressive, science-based greenhouse gas emission reduction goals. ¹	By FY 2025/26, 90% of our global operations' electricity will be obtained from renewable sources. ²	Long term target: on track	 7 AFFORDABLE AND CLEAN ENERGY
		By FY 2025/26, we will remove one million tons of greenhouse gas emissions from our supply chain. ³	Long term target: off track	 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
		By FY 2029/30, we will achieve 50% improvement in energy efficiency of Lenovo desktops ⁴ and servers. ⁴	Long term target: on track	 13 CLIMATE ACTION
		By FY 2029/30, we will achieve 30% improvement in energy efficiency of Lenovo notebooks ⁴ and Motorola products. ⁵	Long term target: on track	 13 CLIMATE ACTION
Circular economy	Lenovo is transitioning to a circular economy through innovations in our supply chain, product design and services.	By FY 2025/26, 84% of repairs can be done at the customer site, without having to send their PC to a service center. ⁶	Long term target: on track	 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
		By FY 2025/26, 76% of repairable PC parts returned to our service center will be repaired for future use. ⁷	Long term target: on track	 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
		By FY 2025/26, we will have enabled the recycling and reuse of 800 million pounds of end-of-life products. ⁸	Long term target: on track	 15 LIFE ON LAND

KPI type	Commitment	KPI	Progress through FY 2022/23	UNGC SDG
Sustainable materials	Lenovo is focused on integrating sustainable materials and minimizing waste through innovative product and packaging design.	By FY 2025/26, 100% of PC products will contain post-consumer recycled content materials. ⁹	Long term target: on track	 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
		By FY 2025/26, we will use 300 million pounds of post-consumer recycled content plastics in our products. ¹⁰	Long term target: on track	 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
		By FY 2025/26, 100% of smartphone products and accessories will be free of PVC and BFR. ¹¹	Long term target: on track	 13 CLIMATE ACTION
		By FY 2025/26, 90% of PC products plastic packaging will be made from recycled materials. ¹²	Long term target: on track	 15 LIFE ON LAND
		By FY 2025/26, 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. ¹³	Long term target: on track	

Social

KPI type	Commitment	KPI	Progress through FY 2022/23	UNGC SDG
Diversity and Inclusion	Lenovo believes smarter technology for all means everyone. If we truly want to innovate for society, we must design with the diversity of the world in mind.	By FY 2025/26, we will grow the global representation of women in executive roles to 27% (from 21% in 2020).	Long term target: off track	 5 GENDER EQUALITY
		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).	Long term target: off track	 8 DECENT WORK AND ECONOMIC GROWTH
		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.	Long term target: on track	 10 REDUCED INEQUALITIES

KPI type	Commitment	KPI	Progress through FY 2022/23	UNGC SDG
Philanthropy	<p>Lenovo philanthropy provides smarter technology for all by empowering underrepresented communities with access to technology and STEM education.</p>	By FY 2025/26, Lenovo philanthropy will impact 15 million lives and transform one million lives through philanthropic programs and partnerships.	Long term target: on track	 4 QUALITY EDUCATION
		By FY 2025/26, Lenovo philanthropy will engage one in four employees in its charitable programs (volunteerism and matching gifts).	Long term target: on track	 8 DECENT WORK AND ECONOMIC GROWTH
				 17 PARTNERSHIPS FOR THE GOALS

Governance

KPI type	Commitment	KPI	Progress through FY 2022/23	UNGC SDG
Corporate governance	<p>Lenovo is focused on building a long-term, sustainable business that reflects our vision of smarter technology for all. Lenovo is focused on integrating ESG priorities into our day-to-day operations.</p>	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.	Long term target: on track	 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
		We continue to propose recommendations to senior leadership regarding effective management of ESG risks and programs.	Long term target: on track	
		We continue to provide regular updates on ESG topics to the Board of Directors.	Long term target: on track	
Ethics	<p>Lenovo fosters a culture that strives to attain the highest standards of ethical business conduct and compliance with all laws and regulations wherever it operates.</p>	We continue to advance our global ethics and compliance program through program and training enhancements.	Long term target: on track	 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
		Through FY 2025/26 and beyond, we will obtain recognition for leadership in this area.	Long term target: on track	 16 PEACE, JUSTICE AND STRONG INSTITUTIONS

KPI type	Commitment	KPI	Progress through FY 2022/23	UNGC SDG
Privacy	Lenovo commits to continuously improve its privacy program.	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.	Long term target: on track	 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
		Through FY 2025/26 and beyond, we will improve the management and accountability of privacy impact assessments and pre-launch privacy compliance reviews.	Long term target: on track	 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
		Through FY 2025/26 and beyond, we will enhance existing training materials and continue to deliver privacy-focused training programs to Lenovo employees.	Long term target: on track	

- ¹ Our goals support our emissions reduction targets, which were approved by the Science Based Targets initiative (SBTi).
- ² 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.
- ³ Relative to FY 2018/19 measured emissions.
- ⁴ Energy efficiency improvement on average for comparable products relative to FY 2018/19.
- ⁵ Energy efficiency improvement on average for comparable products relative to FY 2020/21.
- ⁶ Excludes Android tablets and visuals.
- ⁷ Measured by value.
- ⁸ Cumulative total since 2005.
- ⁹ Excludes tablets and accessories.
- ¹⁰ Cumulative total since 2005.
- ¹¹ Controlled at 1000 ppm.
- ¹² Measured by weight and excludes tablets, accessories and monitors.
- ¹³ Relative to FY 2020/21 and excludes RAZR and Lenovo smartphone packaging.



10.0 Appendix

- 130 FY 2022/23 memberships and associations
- 131 Scope of the report
- 132 GRI content index
- 136 The Hong Kong Stock Exchange's ESG Reporting Guide content index

10.0 Appendix

FY 2022/23 memberships and associations

Associations

- Bluetooth Special Interest Group (SIG)
- Consumer Technology Association (CTA)
- DIGITAL EUROPE
- Electronic Product Stewardship Canada (EPICS)
- Information Technology Industry Council (ITI)
- Mobile & Wireless Forum (MWF)
- PRBA-The Rechargeable Battery Association
- Radio Equipment Directive Compliance Association (REDCA)
- Responsible Business Alliance (RBA)

Programs, workgroups, and global initiatives

- CDP • Climate Change and Water Security
- CHWMEG
- Circular Electronics Partnership
- ECMA•370 • The Eco Declaration Standard
- EcoVadis
- Global Logistics Emissions Council (GLEC)
- Global Recycling Programs, such as Call2Recycle (specific programs vary by jurisdiction and product)
- Global Reporting Initiative (GRI)
- Green Freight Asia (GFA)
- Hong Kong Stock Exchange ESG Reporting Guide
- International Special Committee on Radio Interference (CISPR)
- Responsible Factory Initiative
- Responsible Labor Initiative
- Responsible Minerals Initiative
- Responsible Recycling (R2)
- Science Based Targets Network's Corporate Engagement Program
- Telecommunications Certification Body Council (TCB Council)
- United Nations CEO Water Mandate
- United Nations Global Compact (UNGC)
- U.S. EPA's Green Power Partnership
- U.S. EPA's SmartWay
- World Business Council for Sustainable Development (WBCSD)
- World Resources Institute (WRI)

International standards

- IECEE/PSC
- IEC/TC 108
- IEC/TC 111
- IEC/TC 124
- IEEE 1680.1 Standard for Environmental and Social Responsibility Assessment of Computers and Displays (part of EPEAT program)
- IEEE SA
- ISO 9001:2015 Quality Management System
- ISO 14001:2015 Environmental Management System
- ISO 27001:2013 Information Security Management System
- ISO 45001:2018 Occupational Health and Safety Management
- ISO 50001:2018 Energy Management System
- ISO/IEC JTC 1/SC 39

- ISO/TC 176
- Leadership in Energy and Environmental Design (LEED)
- NSF/ANSI 426 Environmental Leadership and Corporate Social Responsibility Assessment of Servers (part of EPEAT program)
- Product Attribute to Impact Algorithm (PAIA) Project
- TCO Certified

The Company recognizes the importance of environmental leadership at the country level and is involved in additional national associations, programs, workgroups, and initiatives where relevant. Of particular note, the Company has participated in numerous environmental initiatives in China, including:

- Alliance for High Quality and Green Development of Information and Communication Technology Industry
- China Electronic Energy Saving Technology Association
- China Energy Conservation Program (CECP)
- China Environmental Labeling Product (CELP)
- China Medium and Low Temperature Solder Association
- China MIIT EPR (extended producer responsibility) Recycling Pilot Project
- China National Resources Recycling Association
- China RoHS Standard Working Group
- China WEEE Working Group
- Energy Saving Work Association of the Chinese Institute of Electronics
- Green Manufacturing Association of China
- PC+ China Energy Label (CEL)

Scope of the report

The contents of this report apply to Lenovo Group Limited (HKD counter stock code: 992 / RMB counter stock code: 80992) (the Company), together with its principal Lenovo-branded and Motorola-branded subsidiaries. Where certain topics also include other principal subsidiaries, it is explained below. The scope of the Company's material topics and their boundaries within its value chain are detailed in the table below.

	Product development	Supply chain	Manufacturing	Sales & marketing	Distribution	Use/End of life	ESG report scope of coverage	Explanation of scope changes from FY 2021/22	
Environment									
Emissions/Climate change	●	●	●	●	●	●	Lenovo, Motorola Mobility, LCFC, Medion, NEC PC, FCCL	No change	
Energy	●	●	●	●	●	●	Lenovo, Motorola Mobility, LCFC, Medion, NEC PC, FCCL	No change	
Product packaging and materials	●	●	●	●	●	●	Lenovo, Motorola Mobility, LCFC	No change	
Waste/Recycling	●	●	●	●		●	Lenovo, Motorola Mobility, LCFC, Medion, NEC PC, FCCL	No change	
Water	●	●	●	●			Lenovo, Motorola Mobility, LCFC, Medion, NEC PC, FCCL	No change	
Social									
Community/Philanthropy	●		●	●			Lenovo, Motorola Mobility	No change	
D&I	●	●	●	●	●		Lenovo, Motorola Mobility	No change	
Human rights	●	●	●	●			Lenovo and Motorola Mobility are fully incorporated into the Company's corporate programs in this area.	No change	
Safety	●	●	●	●	●	●	Lenovo, Motorola Mobility, LCFC and NEC PC	No change	
Training & development	●		●	●			Lenovo, Motorola Mobility	No change	
Employee representation	●		●	●			Lenovo, Motorola Mobility, NEC PC for all metrics. Number of employees, Percentage of employees by region, and Percentage of employees by workforce representation metrics also include Sunny IT, FCCL, Medion, LCFC, Net App and LPS LPS (Lenovo PCCW Solutions) added this year.	No change	
Governance									
Economic performance	●	●	●	●	●	●	See the FY 2022/23 Annual Report's Notes to the financial statements	No change	
Ethics/Integrity	●	●	●	●	●	●	Lenovo and Motorola Mobility are fully incorporated into the Company's corporate programs in this area.	No change	
Data privacy/Security	●	●	●	●		●	Lenovo, Motorola Mobility	No change	
Product quality	●	●	●	●		●	Lenovo, Motorola Mobility, LCFC	No change	
Regulatory/Compliance	●	●	●	●	●	●	Lenovo, Motorola Mobility, LCFC	No change	
Innovation	●	●	●	●	●	●	Lenovo, Motorola Mobility	No change	

GRI content index

Statement of use	The Company has reported the information cited in this GRI content index for the period April 1, 2022 to March 31, 2023 with reference to the GRI Standards.		
GRI 1 used	GRI 1: Foundation 2021		
GRI Standard	Disclosure	Page number(s)	Other reference material(s)
GRI 2: General Disclosures 2021	Organizational profile		
	2-1 Organizational details	13	
	2-2 Entities included in the organization's sustainability reporting	10, 131	
	2-3 Reporting period, frequency and contact point	10	
	2-4 Restatements of information	112-113, 121	
	2-5 External assurance	10	
	2-6 Activities, value chain and other business relationships	13, 131	
	2-7 Employees	96-98	
	2-22 Statement on sustainable development strategy	4-7	
	2-27 Compliance with laws and regulations	69	
	2-28 Membership associations	130	
	2-29 Approach to stakeholder engagement	11-12	
GRI 3: Material Topics 2021	3-1 Process to determine material topics	11-12	
	3-2 List of material topics	11-12	
Economic topics			
Economic Performance			
GRI 3: Material Topics 2021	3-3 Management of material topic	66-68	
GRI 201: Economic Performance 2016	201-2 Financial implications and other risks and opportunities due to climate change	23-24	FY 2022/23 Annual Report's Management's discussion & analysis
Procurement Practices			
GRI 3: Material Topics 2021	3-3 Management of material topic	82-93	
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	82	

GRI Standard	Disclosure	Page number(s)	Other reference material(s)
Anti-corruption			
GRI 3: Material Topics 2021	3-3 Management of material topic	66-70, 72-73	
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	69	
Anti-competitive Behavior			
GRI 3: Material Topics 2021	3-3 Management of material topic	69	
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	66-70, 72-73	
Environmental topics			
Materials			
GRI 3: Material Topics 2021	3-3 Management of material topic	18, 26-30, 110, 117-118	
GRI 301: Materials 2016	301-1 Materials used by weight or volume	29-30, 110	
	301-2 Recycled input materials used	29-30, 35-37, 110	
Energy			
GRI 3: Material Topics 2021	3-3 Management of material topic	18, 20-22, 31-32, 116, 119	
GRI 302: Energy 2016	302-1 Energy consumption within the organization	104-105, 107	
	302-3 Energy intensity	104	
	302-4 Reduction of energy consumption	20-21	
	302-5 Reductions in energy requirements of products and services	31-32, 111	
Water and Effluents			
GRI 3: Material Topics 2021	3-3 Management of material topic	18, 25-26, 119-120	
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	25-26	
	303-3 Water withdrawal	107	
	303-4 Water discharge	108	
	303-5 Water consumption	108	
Emissions			
GRI 3: Material Topics 2021	3-3 Management of material topic	18-20, 22-24	

GRI Standard	Disclosure	Page number(s)	Other reference material(s)
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	103	
	305-2 Energy indirect (Scope 2) GHG emissions	103	
	305-3 Other indirect (Scope 3) GHG emissions	103	
	305-4 GHG emissions intensity	103	
	305-5 Reduction of GHG emissions	20, 103	
	305-6 Emissions of ozone-depleting substances (ODS)	24	
Waste			
GRI 3: Material Topics 2021	3-3 Management of material topic	18, 24-25, 37-38, 117-120	
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	24-25, 37-38	
	306-2 Management of significant waste-related impacts	24-25, 37-38	
	306-3 Waste generated	108-109	
	306-4 Waste diverted from disposal	108-109	
	306-5 Waste directed to disposal	108-109	
Supplier Environmental Assessment			
GRI 3: Material Topics 2021	3-3 Management of material topic	82-89	
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	83-84, 88-89	
	308-2 Negative environmental impacts in the supply chain and actions taken	84-89	
Social topics			
Employment			
GRI 3: Material Topics 2021	3-3 Management of material topic	44, 51-60	
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	96-99	
Occupational Health and Safety			
GRI 3: Material Topics 2021	3-3 Management of material topic	45-50	

GRI Standard	Disclosure	Page number(s)	Other reference material(s)
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	45-47	
	403-2 Hazard identification, risk assessment, and incident investigation	45-47	
	403-4 Worker participation, consultation, and communication on occupational health and safety	45-47	
	403-5 Worker training on occupational health and safety	45-47, 101	
	403-6 Promotion of worker health	45-47	
	403-9 Work-related injuries	45, 101	
	403-10 Work-related ill health	45, 101	
Training and Education			
GRI 3: Material Topics 2021	3-3 Management of material topic	59-60	
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	99-100	
	404-2 Programs for upgrading employee skills and transition assistance programs	59-60	
Diversity and Equal Opportunity			
GRI 3: Material Topics 2021	3-3 Management of material topic	51-58	
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	96-98	
Forced or Compulsory Labor			
GRI 3: Material Topics 2021	3-3 Management of material topic	82-87, 89-90	Supplier Code of Conduct RBA Code of Conduct Human Rights Policy
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	82-87, 89-90	Supplier Code of Conduct RBA Code of Conduct Human Rights Policy
Local Communities			
GRI 3: Material Topics 2021	3-3 Management of material topic	61-63, 101-102	
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	61-63, 101-102	

GRI Standard	Disclosure	Page number(s)	Other reference material(s)
Supplier Social Assessment			
GRI 3: Material Topics 2021	3-3 Management of material topic	82-87, 89-93	
GRI 414: Supplier Social Assessment 2016	414-2 Negative social impacts in the supply chain and actions taken	82-87, 89-93	
Customer Privacy			
GRI 3: Material Topics 2021	3-3 Management of material topic	69-70	
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	69-70	

The Hong Kong Stock Exchange's ESG Reporting Guide content index

“Comply or explain” Provisions	Page number(s)	Other reference material(s)
Subject Area A. Environmental		
Aspect A1: Emissions		
General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and nonhazardous waste. Note: Air emissions include NOx, SOx, and other pollutants regulated under national laws and regulations. Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride. Hazardous wastes are those defined by national regulations.	18-20, 22-26	
KPI A1.1	The types of emissions and respective emissions data.	103, 106
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). - Scope 1 emissions - Scope 2 emissions	103 103 103
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	108
KPI A1.4	Total nonhazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	108

“Comply or explain” Provisions		Page number(s)	Other reference material(s)
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	19-20, 116, 119-121, 124	https://www.lenovo.com/us/en/sustainability-targets/
KPI A1.6	Description of how hazardous and nonhazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	24-25, 117-121	https://www.lenovo.com/us/en/sustainability-targets/
Aspect A2: Use of Resources			
	General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials. Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.	18, 21-22, 25-33	
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	104-105	
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	107-108	
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	21-24, 31-33, 116, 119-121, 124	https://www.lenovo.com/us/en/sustainability-targets/
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	25-26, 119-120	https://www.lenovo.com/us/en/sustainability-targets/
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	111	
Aspect A3: The Environment and Natural Resources			
	General Disclosure Policies on minimising the issuer's significant impacts on the environment and natural resources.	18-39	
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	18-39, 116-121, 124-125	https://www.lenovo.com/us/en/sustainability-targets/
Aspect A4: Climate Change			
	General Disclosure Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	18-39	
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	18-39, 116-121, 124-125	

“Comply or explain” Provisions	Page number(s)	Other reference material(s)
Subject Area B. Social		
Employment and Labour Practices		
Aspect B1: Employment		
General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	44, 51-60	
KPI B1.1 Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	96-98	
KPI B1.2 Employee turnover rate by gender, age group and geographical region.	99	
Aspect B2: Health and Safety		
General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	45-49	
KPI B2.1 Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	101	
KPI B2.2 Lost days due to work injury.	101	
KPI B2.3 Description of occupational health and safety measures adopted, and how they are implemented and monitored.	45-49	
Aspect B3: Development and Training		
General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. Note: Training refers to vocational training. It may include internal and external courses paid by the employer.	59-60	
KPI B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	100	
KPI B3.2 The average training hours completed per employee by gender and employee category.	99-101	

“Comply or explain” Provisions		Page number(s)	Other reference material(s)
Aspect B4: Labour Standards			
General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.		44, 89-90	
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	44, 89-90	
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	44, 89-90	
Operating Practices			
Aspect B5: Supply Chain Management			
General Disclosure Policies on managing environmental and social risks of the supply chain.		82-91, 93	
KPI B5.1	Number of suppliers by geographical region.	82	
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	82-91, 93	
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	82-91, 93	
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	83, 88	
Aspect B6: Product Responsibility			
General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.		73-74	
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	74	In FY 2022/23, there were no product recalls related to safety and health reasons.

“Comply or explain” Provisions		Page number(s)	Other reference material(s)
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	72	Due to confidential business constraints, the Company does not disclose the quantitative results of product or service-related complaints.
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	69	
KPI B6.4	Description of quality assurance process and recall procedures.	73-74	
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	69-70	
Aspect B7: Anti-corruption			
General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.		68-69	
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	69	
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	72-73	
KPI B7.3	Description of anti-corruption training provided to directors and staff.	69	
Community			
Aspect B8: Community Investment			
General Disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.		61-63	
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	61-63, 101-102	
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	61-63, 101-102	



www.lenovo.com