HKD COUNTER STOCK CODE 992
RMB COUNTER STOCK CODE 80992

# 2023/24 Environmental, Social and Governance Report

**Lenovo Group Limited**

Smarter technology for all

Lenovo

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# 1.0 Executive letters


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# A letter from the Chairman and CEO

I am pleased to introduce our FY 2023/24 Environmental, Social and Governance (ESG) report. This is the 18th consecutive year we have published such a report, demonstrating our commitment, persistence, and ongoing progress in these areas.

Clearly, the past year presented our world with numerous challenges, but it also brought us unprecedented opportunities in artificial intelligence (AI). It is clear that AI will be a major priority and influence in our business for years to come.

We are committed to accelerating the deployment of AI for businesses around the world through AI-enabled, AI-optimized, and AI-ready devices, infrastructure, solutions, and services. Even more, we recognize our duty to leverage this technology to improve the lives of people around the world while minimizing its impact on the planet. This recognition led to our 'Smarter AI for All' vision. In this report, I would like to share with you how Lenovo continues to drive ESG forward in the AI era.

**AI for environmental sustainability**

We're proud to be on-track for our 2030 emissions reductions goals, after announcing our commitment to reach net-zero emissions by 2050 in alignment to the Science Based Targets initiative's Net-Zero Standard.

Fueled by our own commitments and services-led transformation, we continue to meet our customers wherever they are on their ESG journey with our sustainability services. In 2023, Lenovo announced the new reduced carbon transport service for global logistics, as well as L.I.S.S.A., an AI-powered consultant that can help customers optimize their IT solutions in support of their sustainability goals.

Lenovo's transformation from a device company into a solution provider is fueling us into a global technology powerhouse. Our sustainability solutions and services offer customers the ability to extend the use of their devices, manage and measure their IT fleet's carbon footprint, contribute to the circular economy, and even have their equipment shipped more sustainably.

While we enhance our customers' sustainability strategies with Lenovo services, we are also proud to be recognized as a Climate+™ Champion by EPEAT, the premier global ecolabel for electronics and technology products. More than 400 Lenovo products have been designated with Climate+, which highlights their thoughtful production with climate in mind.

**Inclusive AI**

We see tremendous opportunity that AI can lead to a more inclusive future. Few examples highlight this better than my interactions with Gabriel, a gentleman from Brazil who communicates through Libras (Brazilian sign language). An AI solution not only helped me communicate with Gabriel but also allowed him to introduce me to our 2023 Tech World audience. This solution is a breakthrough for the 2.3 million people in Brazil who are deaf or hard of hearing and use Libras to communicate, and a signal of the inclusion that Lenovo's technology can power.

As AI is adopted for various solutions, it cannot offer the best solutions without inclusive data sets. Lenovo is proud to support the work of Cercle InterL and the Women & AI Charter for accountable and gender fair AI.

**Responsible and ethical AI**

Lenovo is shaping our AI integrations with a strong governance model – the Responsible AI governance framework that covers ethical, legal, safety, privacy and accountability concerns of AI. The framework is executed by a committee that focuses on the following principles: diversity and inclusion, privacy and security, accountability and reliability, explainability, transparency, and environmental and social impact.

In February 2024, we committed to UNESCO's Recommendation on the Ethics of Artificial Intelligence to build an ethical and responsible AI. This standard and our commitment to it further acknowledges the intersection of AI and the sustainable development goals. As a member of the United Nations Global Compact, we will readily adopt collaborative governance frameworks that protect the potential and role of AI in global development.

**Milestones on our journey**

The following recognitions have been received by Lenovo in the past year, including:

- Lenovo's Morgan Stanley Capital International (MSCI) ranking was maintained at AAA status, the highest possible score for corporations leading in ESG programs.
- The Hang Seng Corporate Sustainability Index awarded Lenovo the strongest score in the IT Industry for Environmental and Social Achievements and an AA score overall.
- 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 2023 the eleventh year that Lenovo has been recognized by HKICPA for its corporate citizenship.
- Lenovo was ranked number eight in Gartner's 2023 Global Top 25 Supply Chain ranking, at the same time ranking number one in the Gartner Asia Pacific Supply Chain for the second year running.

As we continue our journey, it is more important than ever to maintain our thoughtful, measurable, and credible approach to our ESG programs. The world has changed a lot since our first sustainability report in FY 2008/09, but I am proud of our continued commitment to reporting our progress. Despite constant change and times of uncertainty, we will lead with persistence and resilience, push toward our stated goals, and work toward a more sustainable future for all.

**Yuanqing Yang**
*Chairman and Chief Executive Officer*
**Lenovo Group Limited**

# A letter from our Chief Legal & Corporate Responsibility Officer

As Senior Vice President and Chief Legal & Corporate Responsibility Officer, it is a pleasure to share our 18th annual Environmental, Social, and Governance (ESG) Report for FY 2023/24. I write this letter with the knowledge that our world is at a critical juncture across all elements of ESG. This past year was measured as the hottest year on Earth in recorded history, economic uncertainty and division remains for many around the world, and artificial intelligence has proven itself as a powerful tool that must be used thoughtfully. It's more important than ever to take action credibly, collaboratively, and with full accountability.

With these values in mind, Lenovo was proud to fortify our participation as a member of the United Nations Global Compact by joining the Forward Faster initiative in 2023. Through this initiative, Lenovo has committed to accelerating impact for the UN Sustainable Development Goals as they relate to climate action and water resilience. After announcing the validation of our net-zero targets by the Science Based Targets initiative in January 2023, joining the Forward Faster initiative further demonstrates our commitment to credible action through collaboration with others who are serious about mitigating climate change and conserving our planet's resources.

While we are on track to meet our near-term 2030 emissions reduction goals – the first milestone in our journey to net-zero by 2050 – we know that innovation is perhaps the most critical strength for our journey. Our people are core to our ability to innovate and it's important that our teams are composed of diverse perspectives to ensure we're getting the best ideas from a wide range of viewpoints. Workforce diversity not only supports stronger solutions to problems, but it helps us better meet the needs of our diverse, global customer base.

To better understand the diversity of our employee base, we launched a Self-ID Campaign in 2023. The Self-ID Campaign gives employees the opportunity to voluntarily provide information on their gender identity, disability status, and racial or ethnic background. With alignment from local leadership, it has rolled out in the US, the European Union, and

the United Kingdom. We look forward to extending it to key markets in the Asia Pacific region in the months to come. This campaign and the aggregate workforce data it provides is critical to ensuring the safety and well-being of employees by increasing awareness of external dynamics and helping to support the development of stronger internal policies. It also provides insights for our employee resource groups, as they work to foster a sense of belonging in our workforce across seven diversity segments, many intersections, and many interest groups. Our Product Diversity Office can also leverage this data for awareness of internal stakeholders as they review new products and solutions and ensure our smarter technology is truly for all.

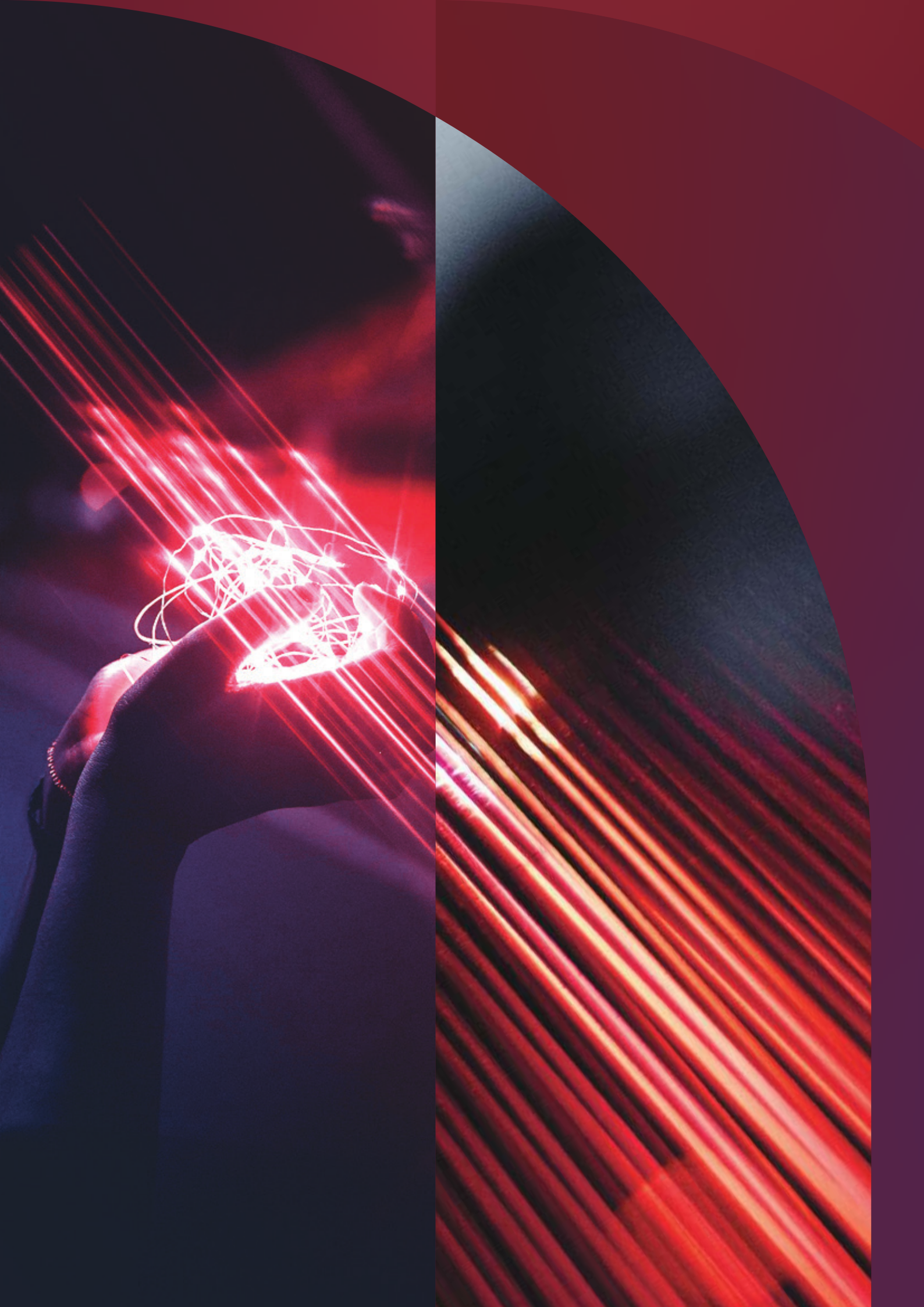
Lenovo is an industry leader in the inclusion of women in the workforce and representation of women in our technical teams. We remain focused on our executive representation goals for FY 2025/26, working to reach 27% female executive representation around the world and 35% representation of executives from historically excluded backgrounds in the US. To bolster this work, we've focused on our diverse talent pipeline. We continue to see success from our Women's Leadership Development Program (for Director-level women around the world) and Mosaic Leadership Development Program (for Directors from historically excluded backgrounds in the US). Recently Lenovo has added the Courageous Leadership Development Program to better retain and grow managers who are from historically excluded backgrounds in the US and not yet at the Director level.

In FY 2023/24, we were proud to receive the highest-ever engagement score on our Annual Lenovo Listens employee survey. We see this reflected in our employees' energy for our global philanthropy efforts. In 2023, employees grew our grassroots-driven Love on Month of Service for the seventh consecutive year, tracking more hours volunteered than ever before. Employees in Colombia, Brazil, the US and India gave back with our charitable partner Wine To Water to help provide access to clean water for local communities. Additionally, employees engaged with our Work for Humankind initiative in India, helping rural farmers in the Kanthaloor state revitalize cultivation of the ancient millet grain.

As we continue our sustainability journey, we are proud of recognitions that signal progress. In the past year we were proud to be recognized as one of Fortune Magazine's Most Admired Companies. We were also named a Best Place to Work for Disability Inclusion by the Disability:IN, maintained our placement on the Human Rights Campaign's Corporate Equality Index for LGBTQ+ inclusion, and received our highest score to date on Workplace Pride's Global Benchmark Score. Our customers and partners are recognizing our efforts, as Lenovo was honored with the Canalys Sustainability Champion Award in 2023. We know that these accolades are the result of strong governance that we will persistently reinforce through our policies, decisions, behaviors, and the workplace culture they create.

As a global technology company, we continue to navigate new challenges. However, we know that our persistent commitments to collaboration, credibility, and accountability will continue to power us forward on our sustainability journey.

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



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# 2.0 About this report

## About this report

This is the 18th annual Environmental, Social, and Governance (ESG) Report of Lenovo Group Limited[1] (HKD counter stock code: 992 / RMB counter stock code: 80992) ("the Company"), which covers the Fiscal Year (FY) 2023/24 (April 1, 2023 – March 31, 2024). This report is considered a companion document to the Company's FY 2023/24 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 as set out in Appendix C2 to the Rules Governing the Listing Rules of Securities (Listing Rules) on The Stock Exchange of Hong Kong Limited (the Hong Kong Stock Exchange), the Global Reporting Initiative (GRI) Standards, and the needs of Lenovo's stakeholders. This report has been prepared with reference to the GRI 2021 Standards and in accordance with 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 mandatory disclosure requirements and "comply or explain" provisions, including following the reporting principles, as set out in the ESG Reporting Guide of the Hong Kong Stock Exchange.

The Company adheres to the following reporting principles in preparing the report:

Materiality – The Company conducts regular materiality assessments and stakeholder engagement to identify and report on material ESG issues to investors and other stakeholders.

Quantitative – The Company, where appropriate, sets targets with the aim to reduce its impacts and to evaluate and validate its efforts in a measurable manner.

Balance – The Company aims to present information in a transparent and unbiased manner to provide a holistic view of its overall ESG performance.

Consistency – The Company aims to use consistent methodologies to allow for meaningful comparisons of ESG data over time and provide information where there are significant changes.

### 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

For purposes of this report, unless the context otherwise requires, the terms "Lenovo" or "Lenovo Group" or the "Group" refers to Lenovo Group Limited together with its subsidiaries. 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. 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 included in the Appendix of this report. 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 2023/24 Annual Report. All disclosures and results are for the Company's progress in FY 2023/24 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 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:

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Email: environment@lenovo.com

[1] *Lenovo Group Limited is the ultimate holding company of Lenovo Group. As a holding company, it does not design, develop, manufacture, or distribute products or services, or control any activities of the Company's subsidiaries in the design, development, manufacture, or distribution of products or services.*

## Organizational profile

Lenovo is a global technology powerhouse employing approximately 69,500 people around the world and serving millions of customers every day in 180 markets. The Company is incorporated and listed in Hong Kong SAR, China, with headquarters in Beijing, China, and North Carolina, USA. 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 that fuel the advancement of 'New IT' technologies (client, edge, cloud, network, and intelligence) including server, storage, mobile, software, solutions, and services.

Lenovo acquired IBM's PC Division in May 2005. In January 2011, the Company 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, the Company 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 #8 in Gartner's Top 25 Global Supply Chains in 2023. To meet the demands of its diverse, global customer base, Lenovo has established company locations, research centers, and manufacturing sites around the world.

# Material topics

Lenovo recognizes the importance of understanding a variety of informed perspectives as it develops and drives its ESG programs. Through ongoing engagement with stakeholders, the Company identifies ESG-related material topics through a process that includes a range of inputs which align with its 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, requirements under the Listing Rules, regulatory agencies, non-governmental organizations (NGOs), and various internal and external stakeholders.

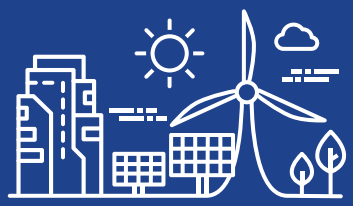
The ESG-related material topics are identified and prioritized by considering the degree of importance of each topic related to:

- Lenovo's business continuity
- Lenovo's stakeholders
- Lenovo's impact on the economy, environment, and people, including human rights

This prioritization exercise is carried out using stakeholder inclusiveness and materiality principles. The information derived from this process helps set the Group's ESG goals, targets, disclosure practices, and ongoing engagement with its stakeholders. The material topics identified for the FY 2023/24 reporting year are detailed in the chart below.

The Board of Directors and the ESG Executive Oversight Committee (ESG EOC) of the Company have reviewed and approved the materiality assessment process and results, ensuring that there is alignment with the Group'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.

## Environmental

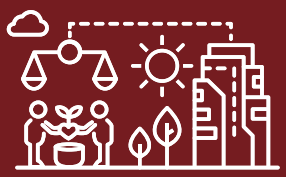


Climate change
Energy management
Product end-of-life management
Product energy efficiency and carbon footprint
Product materials
Product packaging
Product repairability
Supply chain management - environmental
Transportation and distribution
Waste management
Water management

## Social

Community engagement
Ethical Artificial Intelligence (AI)[2]
Human rights
Health and safety
Diversity and inclusion
Labor practices
Philanthropy

## Governance



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

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

### Stakeholder engagement

The Group 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 | Interim and Annual Reports; Annual General Meeting (AGM) and other General Meetings; website; webcasts | Quarterly, interim, 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 community 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; Directors; Lenovo Executive Committee; ESG Executive Oversight Committee | Board meetings and newsletters; emails; 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 |

*These lists depict representative examples and are not exhaustive.*

# Aligning with the United Nations 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 improvement 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 governance, 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

Climate change

Energy management

Product energy efficiency

Product carbon footprint

Product end-of-life management

Product materials

Product packaging

Product repairability

Supply chain management – environmental

Transportation and distribution

Waste management

Water management

## Social

Diversity and inclusion

Ethical management of AI

Health and safety

Human rights

Labor practices

Philanthropy and community engagement

## Governance

Cyber security and data privacy

Ethics and integrity

Innovation

Product quality and safety

Regulatory compliance

# 3.0 Environmental


18 Environmental management system (EMS)

19 Climate change

25 Waste

26 Water

27 Environmentally conscious products

37 Packaging

39 Product end-of-life management (PELM)

40 Circular economy

41 Biodiversity

# 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 2023/24, 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
- Impact of Lenovo's net-zero commitment

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 2023/24 Verification Statements for GHG, Energy, Waste and Water can be viewed here.

### Lenovo ESG Navigator

The Company has developed and tested an innovative ESG data management system called Lenovo ESG Navigator that helps monitor key ESG metrics and deliver near-real-time insights. In FY 2023/24, the Company deployed Lenovo ESG Navigator at two manufacturing sites in China – the Company's Lenovo South Smart Campus and Tianjin Smart Campus facilities – where it is being used to collect and monitor environmental data, including energy, greenhouse gas emissions, water, and waste data. In addition, Lenovo ESG Navigator is in use at the Company's Beijing Headquarters where it is deployed as a smart building solution and within the Company's Global Supply Chain where it collects and monitors select ESG data related to suppliers and products.

As next steps, it plans to continue to coach users at the facilities where it has been deployed on Lenovo ESG Navigator's effective use and will continue to rollout the platform to additional manufacturing sites beginning with its facility in Monterrey, Mexico. The Company anticipates the tool to have many benefits including: driving progress toward the Company's net-zero emissions target and other environmental targets, reducing manual workload related to data collection and reporting, improving data accuracy, providing near-real-time tracking and analysis of environmental KPIs, centralizing ESG data and documents, and facilitating ESG knowledge sharing. At the sites where Lenovo ESG Navigator has been deployed, the environmental focal points are using the system to provide the data input into the Company's internal environmental database.

# Climate change

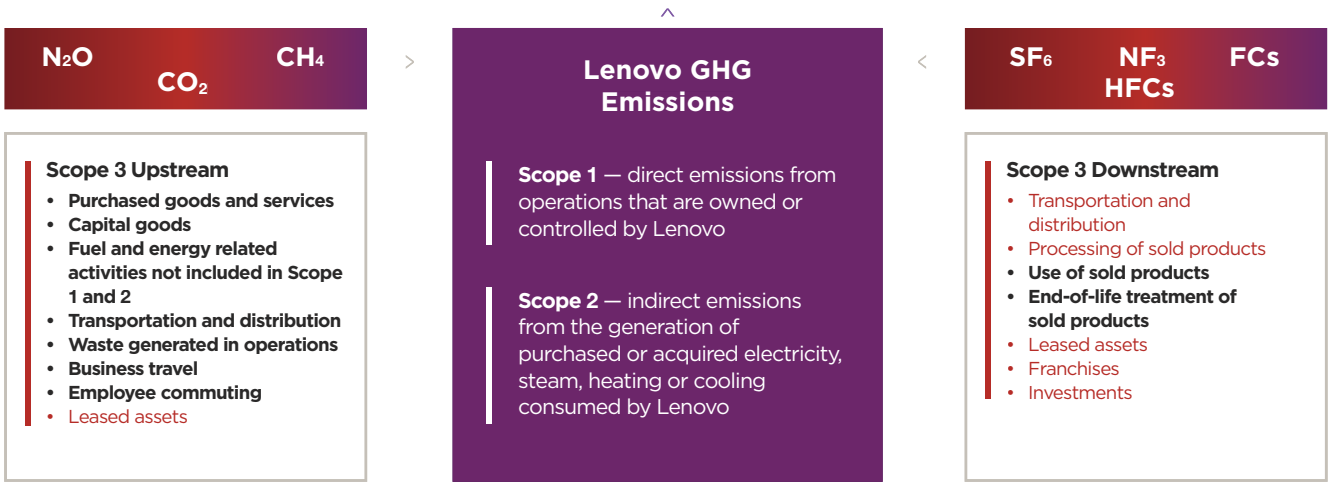
The Company recognizes that human activities are contributing to climate change and concurs with the findings of current climate science as described in the latest assessment report from the Intergovernmental Panel on Climate Change (IPCC). The Company also recognizes that if left unchecked, current 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 aligned to validated SBTi net-zero targets
- 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 and 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 percent 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. In September 2023, Lenovo joined the UN Global Compact Forward Faster initiative to accelerate private sector action towards the SDGs, specifically committing to the climate action and water resilience targets within the initiative.

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.

Lenovo's mature ISO 14001 Environmental Management System (EMS) gives the Company a strong framework on which to set annual targets to help us drive progress towards its 2030 and 2050 SBTi goals.

SCIENCE BASED TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

BUSINESS AMBITION FOR 1.5°C

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 2023/24.

| LENOVO EMISSIONS REDUCTION NEAR-TERM TARGETS | ROAD MAP | STATUS AS OF FY 2023/24 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 | 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 | • Inclusion of climate change requirements in Supplier Code of Conduct<br>• Supplier climate data collected annually from subset of suppliers<br>• Climate change KPIs included in supplier ESG scorecards (evaluation process)<br>• 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 | • Modal shift to lower carbon modes of transport<br>• Optimization of transport planning<br>• Increase of vehicle utilization<br>• Improvement of vehicle fuel efficiency | On-Track [1] | **- 25%** |
| **LENOVO EMISSIONS REDUCTION LONG-TERM TARGETS** | **ROAD MAP** | **STATUS AS OF FY 2023/24 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 2024/25 ESG Report, overall supporting data and target status will reflect any improved input data.*

## 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 2023/24, 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.

## 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.

1. 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 and the risk of non-compliance with ESG requirements or regulations. 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.
2. Energy consumption, the associated GHG emissions, and net-zero targets 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 2023/24 also included climate scenario analysis to explore how physical and transition risks and opportunities of climate change can impact its business. The climate scenario analysis indicates that climate risks may result in negative impacts to the Company, however, the impact of opportunities under 1.5º C scenario is positive and much higher if the Company is proactive in exploring climate-related opportunities, including new products such as sustainability services offered to customers. Therefore, the Company has committed to reduce 90% of full scope emissions to keep global warming potential within 1.5º C and continues to broaden its product offerings in sustainability services and other areas.

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 in Section 2.0.

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 2023, 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.

## 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. [2]

[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.*

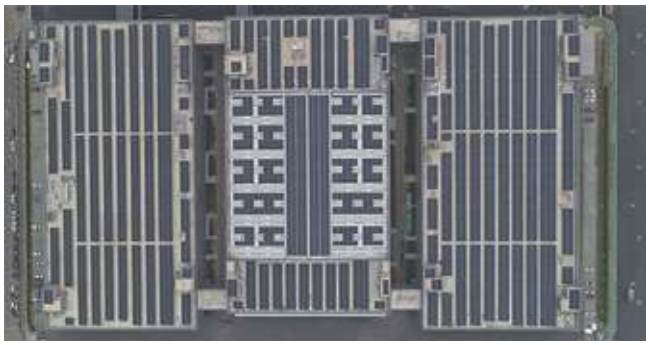
Energy consumption also occurs throughout the Company's value chain. Energy is used by the Company's suppliers and its supply chain is encouraged to develop energy targets, use renewable energy, and report energy usage. Customers also use energy to power products and the Company has set targets to improve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

For more information, see Section 9.0 for the Company's energy-related KPIs.

## Renewable energy

The Company's renewable energy installations help to reduce Scope 2 emissions at its facilities. In July 2023, the Company enabled additional 3 MW solar electric at a factory in Hefei, China, increasing this location's total solar generation capacity to 10.1 MW. Moreover, the LSSC site in Shenzhen, China, and TJSC site in Tianjin, China, added new 2.3 MW and 4.02 MW solar installations, respectively, in FY2023/24. The Company's total solar generation capacity increased 48% compared to last fiscal year.

In addition to the 25.12 MW of solar electric that are currently operational, the Company continues to investigate additional opportunities for solar installations in China and other locations including Brazil and Mexico.



The images are of solar panel installations at the Company's Shenzhen, China and Tianjin, China locations.

In addition to onsite solar generation capacity, the Company is proactively looking for opportunities for sourcing renewable electricity directly from utility suppliers. The TJSC campus in Tianjin, China, has signed a purchase agreement with a local utility supplier to provide 100 percent renewable electricity for its manufacturing and distribution area starting in January 2024. The Green Electricity Certificates documenting this renewable electricity are provided semiannually based on actual electricity consumption.

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), Guarantees of Origin (GO), and Non-fossil certificates (NFCs). In FY 2023/24, 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, Japan, Europe, Mexico, and US. During FY2023/24, the Company expanded its renewable energy procurement for the first time to Japan.

## 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 2023/24, the Company's initiatives to help reduce energy consumption included the following methods:

- **Energy Conservation – Active Method:**
  - Installation of low-energy equipment (including LED lighting, smart lighting system, air compressor, air conditioning, and chillers)
  - Usage of air compressor heat recovery and reuse
  - Harmonic control technology application of power distribution network
  - Usage of High-efficiency power transformer
  - Employed digitalization, including multiple-level smart energy metering devices, Lenovo ESG Navigator, campus energy management platform, and carbon 3D visualization
- **Energy Conservation – Passive Method:**
  - Installation of energy-efficient windows or low-emissivity windows
  - Adoption of energy-saving and environmentally conscious materials in new construction
  - Centralized design of power room
  - Architectural design with natural lighting (including dome design, adding lighting windows, and split-level floor design)
  - Dock leveler heat isolation improvement
- **Management System and Certification**
  - Various manufacturing sites, office locations in EMEA, and the Beijing headquarters location are ISO 50001:2018 certified
  - The new Tianjin manufacturing site's buildings 1 and 8, and the Beijing headquarters are LEED Gold certified
- **Energy Conservation Education**
  - Employee awareness training
  - Energy conservation promotion (emails and tip signs)

## Environmental spotlight

In November 2023, Lenovo's Tianjin Smart Campus (TJSC) was completed and put into operation. TJSC has implemented a total of 90 carbon reduction measures in nine major fields, including architectural design, construction process, campus management, manufacturing process, logistics, canteen, data center, digitalization, and renewable energy.

Lenovo deployed the Lenovo ESG Navigator to support TJSC. This integrated solution replaces the traditional manual management of ESG metrics with a flexible, transparent, and highly automated approach as it captures data across the value chain.

## Logistics

Logistics is an important part of Lenovo's global supply chain and a key component of the Company's plan to meet net-zero by 2050. Lenovo is decarbonizing its logistics by deploying innovative solutions including demand management, low carbon transport, low carbon fuel, consolidation and utilization, and external partnerships.

In FY 2023/24, the priorities of Company's logistics included:

### Demand management

- The Company is reducing transportation activity by using ultra-light pallets for its Intelligent Device Group's (IDG) business group's products.
- The Company is directing shipments to Australia and locating fulfillment centers closer to its customers in Malaysia.

### Low carbon transport

- Using rail and sea freight when feasible which are lower carbon transportation compared with road and air freight.
- The Company progressed its transition from air freight to road and sea freight including using the roll-on/roll-off shipping which replaced more than 50 percent emergent air delivery in Asia Pacific, and more than 96 percent of total Infrastructure Solutions Group's (ISG) shipments are transported by road in North America and China.
- The Company increased the usage of rail freight in China, Europe and Latin America, thus reducing carbon emissions and other air pollutants by avoid using diesel truck.

### Low carbon fuel

- Air shipments contribute roughly 87 percent of Lenovo's logistics-related emissions, the Company aims to cut emissions by transitioning to sustainable aviation fuel (SAF), which is made of waste biomass such as used cooking oil (UCO). SAF causes around 80 percent less $CO_2$ emissions per flight than conventional aviation fuel.
- The Company expanded alternative fuel delivery in Brazil, China, Chile, Malaysia, Mexico, the Netherlands, Poland, Thailand, and the UK.

### Consolidation and utilization

- The Company optimizes the trailer loading for each business unit and combines trailers where possible. In FY 2023/24, the Company improved container utilization of truck shipments in Hong Kong from 51% to 71% as well as co-loading goods between business groups' products for ocean freight.

### External partnerships

- The Company is an active partner to industry-wide coalitions, sustainable logistics initiatives, government organizations and NGOs, such as Global Logistics Emission Council (GLEC), Smart Freight Centre China and US Environmental Protection Agency (EPA) SmartWay program.

GLEC GLOBAL LOGISTICS EMISSIONS COUNCIL

- Striving to further reduce emissions, the Company aims to ensure that all stakeholders make a difference. Lenovo updated its logistics KPI methodology to require logistics suppliers to share their carbon emissions data with the Company. The Company also works with suppliers to set goals to reduce emissions. In addition, the Company shares its logistics $CO_2$ report with its customers to improve transparency and increase awareness.

## Waste

The Company's day-to-day operation around the globe generates non-hazardous 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 non-hazardous and hazardous, are separated and collected from the site of generation to be disposed of through third-party waste management organizations in accordance with its Site Environmental Programs Manual and applicable legal requirements.

During the FY 2023/24 reporting year, the Company continued to measure and monitor both non-hazardous 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, non-hazardous waste estimations are used, usually based on the headcount at the site and the previous year's monthly data from similar sites.

The Company's waste data for the current reporting year is presented in Section 7.0. Annual Verification Statements for the Company's total non-hazardous 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 2023/24 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.

### Non-hazardous waste

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

Under the Company's EMS, a global non-hazardous waste recycling target is set annually. For the FY 2023/24 reporting year, the target was to direct 90 percent (+/-5 percent) of the Company's non-hazardous 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 and maintains a corporate Water Resiliency Policy;
- Endorsed the UN CEO Water Mandate;
- Joined the SBTN Corporate Engagement Program, pledging 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; and
- Joined UN Global Compact Forward Faster initiative to accelerate private sector action towards the SDGs, specifically committing to the water resilience target within the initiative.

During the FY 2023/24 reporting year, the Company continued to measure and monitor water use and risk. In the Company's direct operations, the primary uses of water continue to be for water access, sanitation, and hygiene (WASH) services for employees, contractors, and visitors in its facilities around the globe as well as building cooling. Because the Company's primary water use is for employee support, 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. To date, the Company has not experienced any issues with sourcing water that is fit for purpose. 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. It also requires sites to not discharge constituents for which a treatment facility does not have treatment capability, update characterization when a site's activities change, and 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 2023/24 reporting year, the target was to maintain per person water withdrawal (volumes not to exceed a 5 percent increase compared to the FY 2022/23 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 2023/24, 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).

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.

For details on the Company's global partnership with Wine to Water (W|W), a non-profit organization committed to supporting life and dignity for all through the power of clean water, see Section 4.0.

# 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 practical. 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 and has made progress including the following achievements:

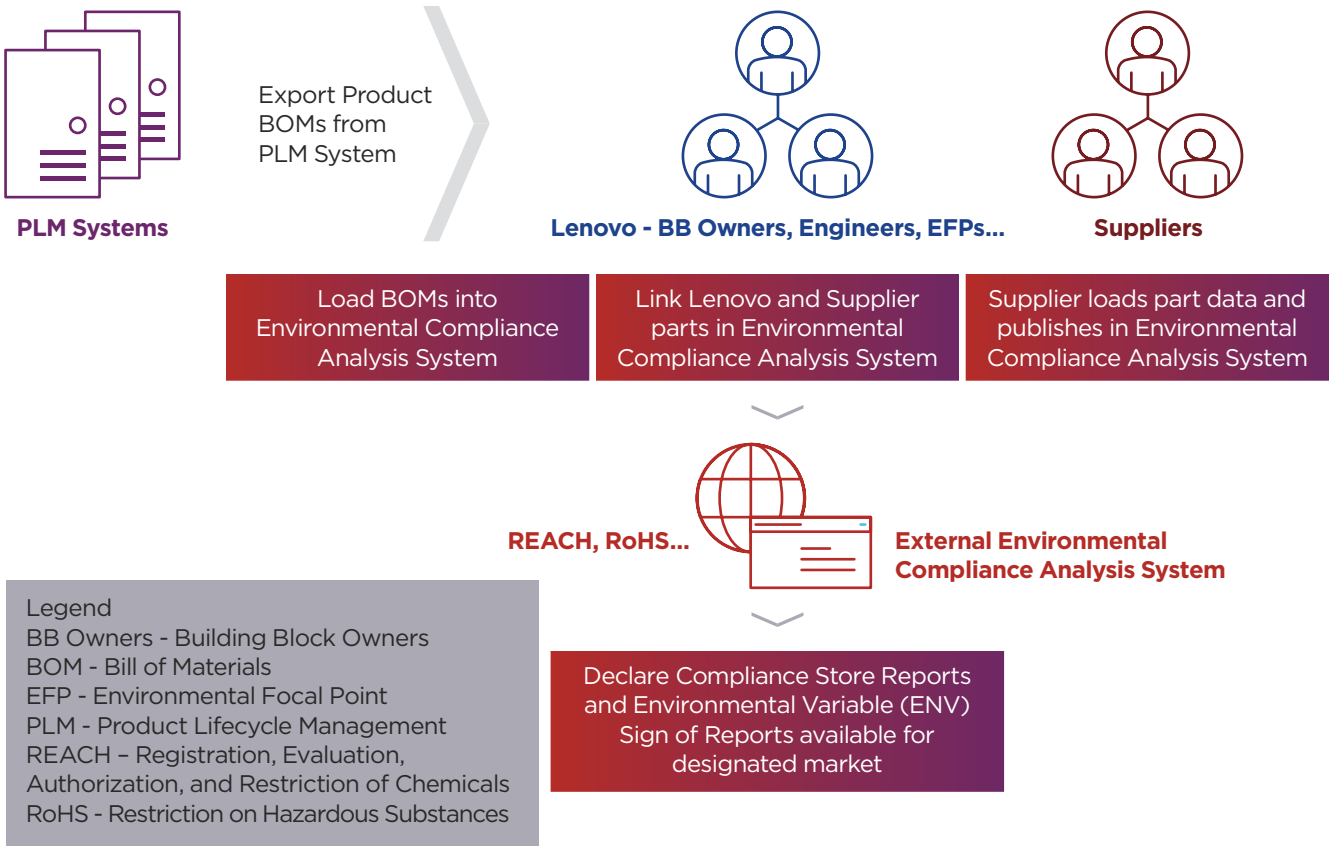
- Phasing out completely the use of BFR/chlorinated flame retardants (CFR)/PVC in all mechanical plastic parts (such as external covers, housings, etc.) across all its products
- Most of hard disk drives, optical disk drives, solid-state drives, LCD screens, memory, central processing units (CPUs), chipsets, and communication cards; and other commodities with offerings meet the International Electronics Manufacturing Initiative (iNEMI) definition[3] of low halogen
- All ThinkPad notebooks including printed circuit boards (PCBs) meet the iNEMI definition[3] 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 definition[3] 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

[3] *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.




Legend
BB Owners - Building Block Owners
BOM - Bill of Materials
EFP - Environmental Focal Point
PLM - Product Lifecycle Management
REACH – Registration, Evaluation, Authorization, and Restriction of Chemicals
RoHS - Restriction on Hazardous Substances

### Big data set for materials and substances

As of the end of FY 2023/24, 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 as it relates to 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-consumer recycled content (PCC) plastics, closed-loop post-consumer recycled content plastics (CL PCC), ocean bound plastics (OBP), recycled metals and it also introduced new materials such as post-consumer recycled rare earth metals into select products. These recycled materials are important to the Company's product development strategy and transition to a circular economy. Using engineered plastics not only helps save 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 recycled 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 plastics in laptops, desktops, workstations, monitors, and accessories and is introducing its closed-loop process in more products each year.

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

of PC products will contain post-consumer recycled content materials. [4]

[4] *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 engineers work 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 140 million kilograms (gross) containing PIC, PCC, and/or CL PCC, with net PCC of more than 55 million kilograms and net CL PCC of nearly 25 million kilograms.

In 2023, the Company's use of plastics containing recycled content was approximately 9.7 million kilograms (gross) with a net CL PCC of approximately 6.6 million kilograms.

The Company's ESG KPIs include recycled content, refer to Section 9.0. Results of the Company's progress against its recycled content usage targets are available in Section 8.0.

In addition to recycled plastics mentioned above, during FY 2023/24, 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.

In 2023, the Company's use of plastics containing OBP was approximately 14,000 kilograms (gross) with a net OBP of approximately 700 kilograms.

This year, the Company introduced OBP content in the speaker enclosures of ThinkPad L13 Gen 5 and ThinkPad L13 Yoga Gen 5. OBP content was also introduced into the fan housing, dummy smart card, and dummy SIM cover of the ThinkPad L14 Gen 5 and ThinkPad L16 Gen 1.

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 2023/24, the Company expanded the use of recycled aluminum and magnesium to more ThinkPad products and all-in-one (AIO) products, including but not limited to:

For Lenovo ThinkPad X1 2-In-1 Gen 9:
- minimum 75% recycled aluminum for the A cover,
- minimum 75% recycled aluminum or minimum 90% recycled magnesium for the C cover, and
- minimum 55% recycled aluminum for D cover.

For Yoga AIO 9 32IRH8:
- minimum 75% recycled aluminum for the frame.

The Company this year also started to use:

- minimum 21% recycled steel in main frame of:
  - ThinkVision P27pz-30, and
  - ThinkVision P32pz-30,
- minimum 50% post-consumer recycled copper in thermal module of:
  - ThinkPad P14s Gen 5,
  - P16s Gen 3,
  - T14p Gen 2,
  - L14 Gen 5, and
  - L16 Gen 1, and
- post-consumer recycled rare earth element in the magnet for the speaker, ForcePad, and hall sensor of select ThinkPad products.

Many products contain different kinds of recycled and sustainable materials. ThinkPad X1 Carbon Gen 12 contains:

- 3.1% pre-consumer recycled carbon fiber in the A cover,
- minimum 90% recycled magnesium in the C cover,
- 55% recycled aluminum in the D cover,
- 85% post-consumer recycled plastic in the keycap, and
- 90% post-consumer recycled plastic in the battery enclosure, speaker enclosure, and AC adapter enclosure.

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

| | |
|---|---|
| **2023** | • Expanded the use of CL PCC to 315 products<br>• Qualified 95% CL PCC, 85% CL PCC + 7% bio-based content recycled plastic for visual products<br>• Introduced post-consumer recycled rare earth metals in products<br>• Introduced recycled steel and copper in products |
| **2022** | • Expanded the use of CL PCC to 298 products<br>• Qualified 95% CL PCC, 97% PCC and 98% PCC recycled plastic to support product higher post-consumer recycled content<br>• Introduced 100% recycled aluminum for tablet products |
| **2021** | • Expanded the use of CL PCR to 248 products<br>• Introduced Ocean Bound Plastics in five products<br>• Introduced recycled aluminum in three products and magnesium in one product |
| **2020** | • Expanded the use of CL PCR to 103 products, up from 66 products the previous year<br>• Began using CL PCR in a server application for the first time in the Company's ThinkSystem SR950 |
| **2019** | • Expanded use of CL PCR to 66 additional products<br>• 1st Use of CL PCR in Lenovo notebook application (X1 Carbon 7th Generation)<br>• Desktop and visual models with >25% CL PCR by total product weight |

## 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 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 CLEAResult 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 desktops [5] and servers. [5]

By FY 2029/30, we will achieve 30% improvement in energy efficiency of Lenovo notebooks [5] and Motorola products. [6]

[5] *Energy efficiency improvement on average for comparable products relative to FY 2018/19*

[6] *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 2023 and 2024, five and three Company monitors, respectively, 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 a longer period 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 ease of repair for customers of all skill levels.

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. Customers can also 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. To support progress against this KPI the Company continues to increase the number of parts that are Customer Replaceable Units (CRU).

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.
    - Offering warranty upgrades up to five years on many embedded batteries. The longer lifespan is made possible with carefully selected cells and charge algorithms.

## 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 streamlined Life Cycle Assessments (LCAs) 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.

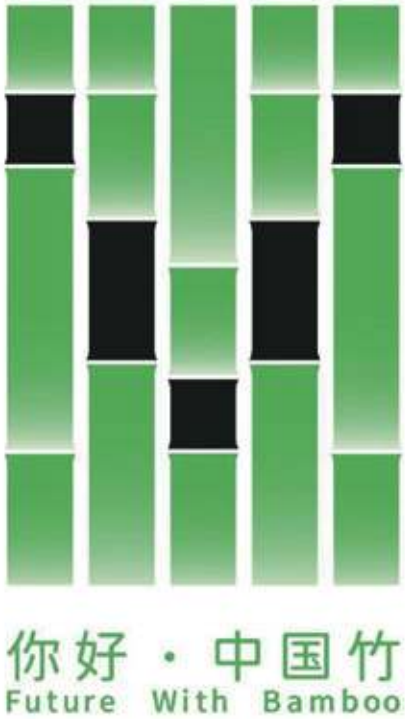
Using PAIA tools to calculate product footprints has significantly reduced the time and cost of calculating environmental footprints for its products. The quality and accuracy of the calculations allow the Company to confidently communicate this information with customers and other stakeholders. The 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 system is based on the ICT industry eco-design requirements that analyzes the product's full life cycle and design process to help bring products to the market with less environmental impact. 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, and components. In 2023, the Company conducted 24 LCAs and LCA-based PCF for notebook, desktop, display, server products, and components. The notebook, desktop, display and server products for which LCAs were conducted are ThinkPad T14 Gen 3, Legion 9 16IRX9, Yoga Pro 9 16IMH9, Yoga 9 2-in-1 14IMH9, Yoga Book 9 13IMU9, ThinkBook 13x G4 IMH, ThinkCentre M950t, ThinkStation K-C2, ThinkVision P27q-30, ThinkVision E22-30, ThinkVision E24-30, ThinkVision E24q-30, ThinkSystem SR650 V3, 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.

## Environmental spotlight

The Company continues to promote the use of sustainable materials beyond its products. On March 31, 2023, Lenovo, People's Daily New Media and Chishui City of Guizhou Province jointly launched the "Future With Bamboo" Sustainable Development Action in Chishui City of Guizhou, China. This initiative is in response to the "Bamboo as a substitute for Plastic Initiative" joint campaign launched by China and the International Bamboo and Rattan Organization.



## 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:

# Packaging

Packaging has been identified as a significant environmental aspect under the Company's EMS. Its packaging priorities focus on reducing packaging consumption and waste 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 2023/24, the Company's packaging objective was to minimize the material consumption of packaging while driving the use of more 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 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 packaging offerings for the Company, while also enhancing customer experience. Bamboo fiber has many favorable features, including:

- Sleek and robust design
- Lightweight
- 100 percent 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 PC products when virgin fibers are used.

Since 2008, the Company has eliminated[7] 4,809 metric tons of packaging consumption by weight. In FY 2023/24 alone, the Company reduced[7] packaging consumption by 672 metric tons.

[7] *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

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. In 2023, the bamboo fiber packaging was expanded to all ThinkPad series (except the E 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 containers[8] (OCC) recycled content.

[8] *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 2023/24, the Company expanded the use of OBP as thermoformed cushions or system bags for select desktop/AIO, consumer notebook, and server products. The Company estimates these new applications will use 165 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. By combining bamboo fiber technology, self-locking boxes, and other innovative technologies, the packaging team accomplished plastic-free primary packaging on ThinkPad X1 and Z series in FY 2022/23. In FY 2023/24, plastic-free primary packaging was expanded to all ThinkPad series (except the E series) and select smartphones. As a result, the Company eliminated 548 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 extending the product lifecycle through 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, through these circular economy programs, 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 responsible and legally compliant manner. This program includes:

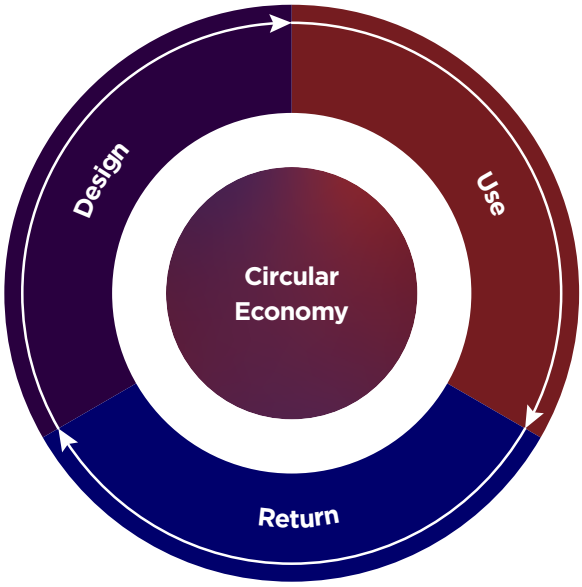
- Supplier completion of the Company's initial supplier audit or evaluation form declaring their processing capabilities and controls, management systems for quality, environmental, health and safety, industry standards, legal compliance, downstream facilities disclosures, and evaluation criteria,
- The Company's environmental audit or evaluation of supplier facilities and processes prior to engagement 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 Global ESG management,
- 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 are 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 (non-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 notebooks, desktops, workstations, and monitors. Since last fiscal year, the Company has expanded the types of components that contain recycled 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 post-consumer recycled content plastics 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 notebooks, desktops and workstations. 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 and repair.

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 those that support a circular economy. See Section 9.0 for more information.

## Biodiversity

While biodiversity has not been identified as a material topic in the Company's materiality assessment for the FY 2023/24 reporting period, the Company has seen the topic become an increasing priority among its stakeholders in recent years. The Company recognizes the biodiversity crisis and that business activities are a major driver of both climate change and nature loss. The Company further recognizes that while climate change is contributing to the biodiversity crisis, urgent actions are needed beyond emissions reductions to halt nature loss.

Considering this, the Company is monitoring the development of science-based targets for nature while assessing its own data and resource needs in this area. The Company has conducted an initial, internal review of the footprint of its direct operations (manufacturing, R&D, and large office locations) against Key Biodiversity Areas (KBAs), but anticipates its largest biodiversity impacts are within its upstream value chain where additional traceability is needed.

# 4.0 Social


44 Labor practices

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57 Employment and talent management practices

64 Global philanthropy and community engagement

# 4.0 Social

## Labor practices

The Company's Human Rights Policy communicates the organization's respect for human rights and how it extends those rights to employees and others directly or indirectly employed in its supply chain. As a signatory of the UNGC, the Company upholds and supports the protection of internationally proclaimed human rights. The Company does not permit and takes every action to prevent the use of child labor, forced labor or coercion, including physical punishment, in any of its operations. The Company's Human Rights Policy outlines and commits 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.

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All of the Company's corporate strategies, practices, guidelines, and 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 upholds and supports fostering a workplace culture characterized by mutual respect, collaboration, and open communication. We recognize that effective social dialogue is essential for nurturing a positive work environment and promoting employee engagement.

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 and can also be reported through the Company's various reporting channels, including, but not limited to, the Ethics and Compliance Office, Human Resources, Internal Audit, the Legal Department, or the LenovoLine (the Company's confidential reporting hotline). The Company takes all allegations and concerns seriously. The Company's Whistleblowing and Investigations Policy outlines the process by which concerns can be raised, are reviewed and are investigated. The Company's oversight body, the Investigation Oversight Committee (IOC), provides oversight to ensure concerns raised are appropriately investigated and addressed. More information is available in the Company's Human Rights Policy.

The Company is determined to ensure that the working conditions at its locations and supplier 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 the end of FY 2023/24, 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 which include a review of mechanisms, controls, and processes in place to prevent child labor and forced labor 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 business management systems: Enterprise Risk Management (ERM) and the ESG reporting materiality assessment. The detailed processes may vary by market and are based on local laws.

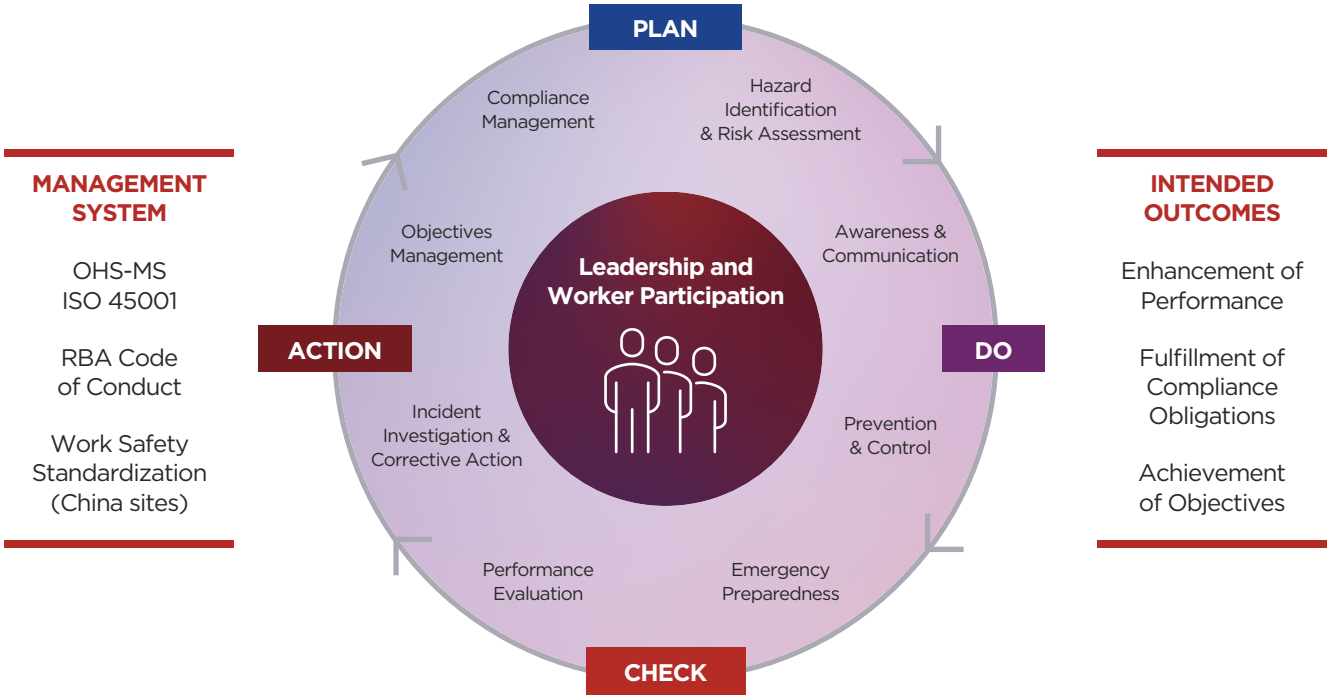
# Health and safety

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 sites 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 Enterprise Risk Management (ERM) program. The ERM program 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.

The OHS management system involves a hierarchy of responsibilities and each role has specific duties and reporting lines to ensure that the organization maintains a safe working environment for all employees. Each manufacturing facility reports the number of industrial injuries, illnesses, and lost days each month to the Global OHS Team as part of their KPIs. 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 an established 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, which must be updated 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 are always important inputs for work-related injury, ill health prevention, and operational controls. The Company has implemented a comprehensive hazard and risk identification program that assesses the activities and projects throughout its operations. The program offers a comprehensive procedure for identifying health and safety risks, assessing their impact on employees, recommending corrective actions, tracking required responses, and communicating the resolution of challenges. This strategy is one method employed to safeguard the health and safety of employees by identifying precautionary measures that prevent work-related injuries.

In FY 2023/24, the Company undertook various initiatives, such as an annual hazard identification and risk assessment, monthly assessments of external/internal issues, routine inspections, specific risk assessment programs like the automation equipment safeguarding optimization project, safety acceptance evaluations, occupational health control effectiveness evaluations for new plants, and additional efforts.

## Health and safety awareness, and communication

The Company fosters a culture that values health and safety. Employee participation is essential to the success of health and safety management. The Company's employee and/or contractor health and safety awareness programs include, but are not limited to:

- Orientation: A presentation or video that covers topics such as health and safety legal requirements, workplace hazards, emergency procedures, and employees' and contractors' health and safety obligations.
- Topic-specific training: Topics such as health and safety awareness, emergency response, electrical safety, chemical handling, machine guarding, breast cancer awareness, mental health, stress and emotion management, dental health, and more.
- On-the-job training: New employees may also receive on-the-job training from their supervisors or other experienced workers.
- Promotion activities: Activities including Safety Month, ESG Month, Health Week, Well-being Week, newsletters, safety talks and more.

*2023 Breast Cancer Awareness Day at Monterrey, Mexico Plant*

## Prevention and control

The Company's health and safety program prioritizes prevention, incorporating health and safety-related standards from the earliest stage of a facility development and during non-routine tasks and projects. In FY 2023/24, the Company's 'Prevention Through Design (PTD)' process was updated to align with increased automation equipment on the production line. PTD offers a roadmap for safety precautions during new equipment installations and includes a change management process for locations integrating new technology, engineering, services, and materials as a proactive measure to prevent work-related injuries.

In addition, 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 more.

## 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 any identified 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; and
- Organizing periodic management reviews for each manufacturing site.

## Incident investigation and corrective action

The Company strives to maintain a workplace that is accident and injury-free. When a work-related injury, illness, or near-miss incident occurs, departmental managers and the OHS team immediately launch an investigation into the incident to identify the root cause. Corrective action plans are then formulated, and implementations are tracked until closure. Additionally, the OHS team engages in a 'Lessons Learned' process that includes sharing information and analyzing data with other manufacturing locations, and holding lessons learned meetings to increase awareness and prevent 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. To further enhance preparedness, one of the Company's manufacturing sites has designed and applied digital applications to enhance emergency response efficiency and emergency management.

## 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 the end of FY 2023/24, 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

Responsible Business Alliance

Recognition that

Lenovo Information Products (Shenzhen) Co., Ltd

Building 1#, Lenovo Innovation Park, Lidu Road, Loucun, Xinhu Street, Guangming District, Shenzhen City, China , Shenzhen, Guangdong, 518107
China

Completed the RBA Validated Assessment Program, achieving SILVER Status without any priority findings, earning a score of 175.4

Validated Audit Report: VAR-20240122-CN-01A01-12
Audit date: January 22, 2024
Certificate issue date: February 17, 2024
Expiration date: January 23, 2026

Robert F. Lederer
CEO, RBA

Responsible Business Alliance

Recognition that

Lenovo Systems Technology (Shenzhen) Co., Ltd

Building 1#, Lenovo Innovation Park, Lidu Road, Loucun, Xinhu Street, Guangming District, Shenzhen City, China , Shenzhen, Guangdong, 518107
China

Completed the RBA Validated Assessment Program, achieving SILVER Status without any priority findings, earning a score of 178.4

Validated Audit Report: VAR-20240124-CN-01A01-3
Audit date: January 24, 2024
Certificate issue date: February 13, 2024
Expiration date: January 25, 2026

Robert F. Lederer
CEO, RBA

Responsible Business Alliance

Recognition that

NEC Personal Computers, Ltd.

Completed the RBA Validated Audit Process, achieving GOLD Status without any Priority or Major findings, earning a score of 196.6

Validated Audit Report: VAR-20240219-JP-02802-2
Audit date: February 19, 2024
Certificate issue date: March 11, 2024
Expiration date: June 30, 2025

Responsible Business Alliance

Recognition that

Motorola (Wuhan) Mobility Technologies Communication Co., Ltd

Completed the RBA Validated Assessment Program, achieving SILVER Status without any priority findings, earning a score of 175.4

Validated Audit Report: VAR-20230731-CN-02A01-6
Audit date: July 31, 2023
Certificate issue date: August 26, 2023
Expiration date: August 2, 2025

Responsible Business Alliance

Recognition that

LCFC (Hefei) Electronics Technology Co., Ltd

Completed the RBA Validated Assessment Program, achieving SILVER Status without any priority findings, earning a score of 187.1

Validated Audit Report: VAR-20230613-CN-02802-2
Audit date: June 13, 2023
Certificate issue date: June 30, 2023
Expiration date: April 28, 2025

Responsible Business Alliance

Recognition that

Lenovo Manufacturing kft.

Completed the RBA Validated Audit Process, achieving SILVER Status without any priority findings, earning a score of 175.4

Validated Audit Report: VAR-20230809-HU-01A01-1
Audit date: August 09, 2023
Certificate issue date: September 01, 2023
Expiration date: August 11, 2025

Responsible Business Alliance

Recognition that

Lenovo United States Fulfillment Center

Completed the RBA Validated Audit Process, achieving PLATINUM Status closing all Priority, Major and minor findings, earning a score of 200

Validated Audit Report: VAR-20240301-US-02802-1
Audit date: March 01, 2024
Certificate issue date: March 21, 2024
Expiration date: May 10, 2025

In FY 2023/24, the Company has set the goal of successfully conducting RBA VAP audits and FoC recognition for company-owned manufacturing sites in FY 2024/25, 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's 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; and
- A functioning worker forum to provide feedback to management that results in workplace changes

Responsible Business Alliance

Recognition that

Motorola (Wuhan) Mobility Technologies Communication Co., Ltd

NO 19th Gaoxin 4th Road, Eastlake High-tech Zone, Wuhan, 430079 P.R.China

completed the RBA® Factory of Choice

One-Star Level

Award ID*: N2eqB2VJkD3BLQg

Issue date: February 01, 2024

Expiration date: August 01, 2025

Responsible Business Alliance

Recognition that

NEC Personal Computers, Ltd.

6-80, Shimohanazawa 2-chome, Yonazawa-shi, Yamagata, 992-8520, Japan

completed the RBA® Factory of Choice

One-Star Level

Award ID*: kakCk1HlwHp12k6

Issue date: December 26, 2023

Expiration date: June 30, 2025

Responsible Business Alliance

Recognition that

Lenovo Manufacturing kft.

K-Sped str. 18, ULL5 building, 2225, Ulla, Pest, 2225 Hungary

completed the RBA® Factory of Choice

One-Star Level

Award ID*: GA3KPVJxopp2I2S

Issue date: January 22, 2024

Expiration date: August 22, 2025

Responsible Business Alliance

Recognition that

Lenovo Tecnologia Brasil Ltda - IDU

Estrada Municipal IDT,334 Estrada dos Leites nº200, Bairro do Sapezal, Modulos 05 -10, Indaiatuba, SP, 13337-200 Brasil

completed the RBA® Factory of Choice

One-Star Level

Award ID*: IMkce4VKKWlgo2W

Issue date: April 26, 2023

Expiration date: February 08, 2025

Responsible Business Alliance

Recognition that

LCFC (Hefei) Electronics Technology Co., Ltd

No. 3088 a Yungu Road (Comprehensive Bonded Zone), Hefei Economic & Technological Development Area in Anhui Province, P.R.China

completed the RBA® Factory of Choice

One-Star Level

Award ID*: Jxx39DldFKS3LWn

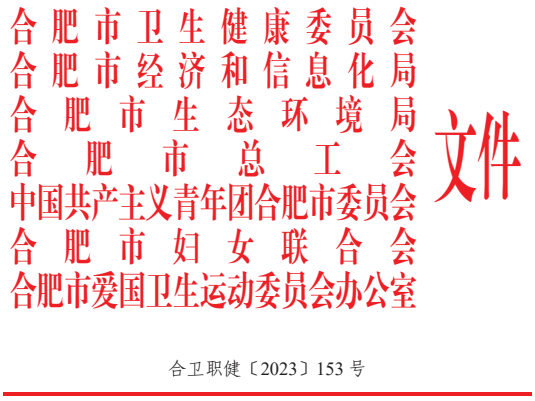
Issue date: August 16, 2023

Expiration date: April 27, 2025

## Recognitions

In March 2023, the Company's Sao Paulo, Brazil office achieved Fitwel Viral Response Certification.

In December 2023, the Company's Hefei, China plant was awarded 'Health Enterprise" by the local government.



合肥市卫生健康委员会
合肥市经济和信息化局
合肥市生态环境局
合肥市总工会
中国共产主义青年团合肥市委员会
合肥市妇女联合会
合肥市爱国卫生运动委员会办公室
文件

合卫职健〔2023〕153 号

关于授予合肥热电集团有限公司等 18 家单位为合肥市"健康企业"的通报

各县（市、区）卫健委、经信局、生态环境局、总工会、团委、妇联、爱卫办，各开发区社发局、经贸局、生态环境分局、工委

— 1 —

2023 年度合肥市"健康企业"名单

| 序号 | 企业名称 | 县 区 |
|---|---|---|
| 14 | 联宝（合肥）电子科技有限公司 | 经开区 |

# Diversity and inclusion (D&I)

## A message from our Chief Diversity Officer

Amidst the dynamic landscape of an evolving world, Lenovo's diverse, global workforce fortifies our capacity for innovation. Diversity is not merely a facet of our organization; it is ingrained in our DNA. As a global technology powerhouse operating in 180 markets, our 69,500 employees mirror the diversity of our customers. While our global diversity has always been a differentiator that's core to our success, we can never take it for granted. Maintaining our strengths requires intention and focus, especially in challenging times.

We are persistently working towards our executive representation goals for FY 2025/26, working to reach 27% female executive representation globally and 35% representation of executives from historically excluded groups in the U.S. We have coordinated with our business leaders to ensure ownership and accountability of these goals, and will continue to transparently report on our progress.

The business benefit of diversity hinges on fostering a culture of inclusion. At Lenovo, collaborating within a global environment is integral to our daily operations. The ability to bridge communication across diverse groups is a hallmark skill possessed by Lenovians, propelling our 'teamwork and trust' ethos under the 'We Are Lenovo' culture. Tangible evidence of our inclusive culture is demonstrated through our highest-ever employee engagement score on our annual Lenovo Listens survey in FY 2023/24; a record number of employee resource groups (ERGs) supporting and engaging employees; and our recent Self-ID campaign. We are proud of our D&I efforts and the recognitions they've received from world-class indices and organizations including Bloomberg, Disability:IN, the Human Rights Campaign, and Workplace Pride.

Diversity and inclusion are not just for our workforce: we also embed them in our product design. Since launching in 2019, our Product Diversity Office (PDO) is on-track to review 75% of our products by FY 2025/26 with specialized teams that focus on diversity, research, accessibility, and artificial intelligence (AI). One example of the PDO's impact is Lenovo's ThinkPad keyboard. Crafted with additional tactile markings, it caters to the blind and visually impaired, showcasing our commitment to accessibility. By testing our products on users of different backgrounds, we demonstrate an equal commitment to diversity. The PDO collaborates with Lenovo's Responsible AI Committee, so that our products align seamlessly with Lenovo's 'Smarter AI for All' vision. As AI leaders, we champion its democratization by integrating inclusive practices into our products, policies, and practices.

Guided by Lenovo's vision to provide smarter technology for all, our diversity and inclusion programs will continue to work for more representation, inclusivity, and innovation for all. With the support of the Diversity & Inclusion Board and the passion and energy of employees around the world, we will continue our pursuit of smarter technology that truly includes and benefits everyone.

**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.

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 represents the various cultures and ethnicities where it does business.

## 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 historically excluded talent by FY 2025/26. After exceeding its 2020 goal for executive representation of women (20 percent representation target, 21 percent achieved), the Company set a new target to reach 27 percent executive representation of women by FY 2025/26. Additionally, after exceeding the Company's goal of US executive representation of historically excluded talent in 2020 (28 percent representation target, 29 percent achieved), the Company is working to achieve 35 percent executive representation of historically excluded talent by FY 2025/26. 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 women for executive roles, and the Mosaic Leadership Development Program (MLDP) which aims to develop talent from historically excluded groups for executive roles.

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, and coaching. This year, the MLDP program adopted a hybrid format, while the WLDP program continued to be entirely virtual. The WLDP and its success have helped with the development of new programs and strategies to attract, retain, and develop diverse women talent. Upon completion of the program, 41 percent of program participants have been promoted from the program's first seven cohorts.

## D&I recognitions

## Creating a diverse talent pipeline

| ATTRACT | DEVELOP | RETAIN |
|---|---|---|
| The Company's Talent Acquisition (TA) team has established goals to ensure a diverse slate of executive candidates is presented to hiring managers. The team has a global goal to ensure each slate is 33 percent women, and that candidates from historically excluded groups in the US represent 15 percent of the candidates.<br>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. This year, the Company has strived to interview at least one woman for all open executive roles | WLDP and MLDP remain the Company's flagship leadership programs for developing global women and historically excluded talent from the US. The Company realizes that it must take targeted actions to strengthen the pipeline of diversity. This is the second year for the 'Courageous Leadership' program in the US to develop senior managers from diverse groups into the director level. Debuting this year is the Advancing Women Leaders Academy designed to develop women from senior managers into directors. | The Company conducts an annual pay equity review to examine any equity risks for gender and US employees from historically excluded groups. While this review is performed 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 (UNGC) members in this initiative.

As part of this commitment and the Company's UNGC membership, the Company participated in UNGC's Target Gender Equality (TGE) initiative, the Sustainable Development Goal (SDG) Innovation Accelerator for young professionals, and the Climate Ambition Accelerator. The TGE initiative is a gender equality accelerator program for participating companies of the UNGC to improve their capability. Companies participating the accelerators deepen their implementation of the Women's Empowerment Principles and strengthen their contribution to their sustainable development goal.

In May 2022, the Company also signed the Declaration of Amsterdam, confirming its commitment to fostering an inclusive workplace for its LGBTQIA+ employees. Developed by Workplace Pride in 2011, the Declaration of Amsterdam was created to make meaningful progress for LGBTQIA+ people worldwide and eliminate the discrimination, harassment, and discomfort these employees may face in the workplace. In FY 2023/24, the Company received its highest score in the annual Workplace Pride Global Benchmark, a comprehensive assessment of international employers' LGBTIQ+ policies and practices. Lenovo is committed to fostering an inclusive workplace for its LGBTQIA+ employees and continues to be recognized by several key indexes, including the Human Rights Campaign Foundation's Corporate Equality Index.

In FY 2023/24, the Company was included on the Corporate Equality Index for the sixth year in a row, receiving a score of 90 out of 100. Among actions implemented in the past year, Lenovo launched its first-ever self-identification campaign allowing employees to voluntarily self-identify their gender identity, race and ethnicity, and self-disclose visible and invisible disabilities in the human resource system. Starting in the US and 25 countries across EMEA, the self-identification function will help Lenovo better understand the diversity of its workforce across different segments, including gender identity. The Company also launched a guide to benefits in the US, especially as they relate to LGBTQIA+ populations. These inclusive actions demonstrate the Company's commitment to build a smarter workplace for its LGBTQIA+ employees.

## Embedding inclusion in the workforce

The Company is proud to support its dynamic network of employee resource groups (ERGs) and shared interest groups (SIGs) 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) – NA, AP
- Allyship – NA
- Black Leaders Achieving Success in Technology (BLAST) – NA
- Diversitas/Lenovo All Chapters – EMEA
- Hispanics of Lenovo Association (HOLA) – NA
- Indigenous – Australia/New Zealand
- Lenovo Employees of Asian Descent (LEAD) – NA
- LEIN+ (Disability Inclusion) – Brazil
- Lenovo Interfaith – Brazil
- Lenovo Inspiring Feminism in Tech (LIFT) – NA
- MOSAIC: Ethnicity/Racial Diversity & Inclusion – EMEA
- New and Expectant Mothers Outreach (NEMO) – NA
- Menopause – UK & Ireland
- People with Disabilities (PwD) – EMEA, LA
- PreTech: ESG Étnico-Racial: Negros – Brazil
- Professionals Respecting Identity Diversity and Empowerment (PRIDE) – NA, LA, EMEA
- Rising Employees at Lenovo (REAL) – Global
- Veterans Engaging Together (VET) – US
- Women in Lenovo Leadership (WILL)/Women in Lenovo (WIL) – Global
- Women in Innovation (WIN) – LA
- Women Enhancing Logistics (WEL) – Global

AP – Asia Pacific
NA – North America
EMEA – Europe, Middle East, Africa
LA – Latin America
UK – United Kingdom
US – United States

Employees actively participating in ERGs emerge as leaders in the Company's diversity and inclusion efforts. Their impactful contributions encompass a diverse range of programs, such as professional development, mentoring, community outreach, and recruiting. Notably, the Company's ERGs play a pivotal role in supporting the Product Diversity Office (PDO) through valuable assistance in product testing.

As the intersectionality within the Company's workforce continues to grow, the collaboration among ERGs has proven to be exceptionally effective. These groups amplify each other's events and foster a culture of allyship, creating a dynamic and inclusive environment within the company.

Lenovo Foundation provides annual grants to ERGs, enabling them to collaborate with non-profits supporting diversity segments like women, people with disabilities, and immigrants. ERG leaders consistently seek these funding opportunities for impactful external partnerships.

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.

- 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.

- Disability Advantage Initiative: This strategic initiative aims to cultivate a culture of disability inclusion by fostering awareness, providing resources, and encouraging innovation. The D&I team employed the International Labour Organization (ILO) Global Disability Self-Assessment across eight markets to identify areas for improvement. To drive this initiative forward, a global HR task force has been established to take the lead in activities related to training, outreach, and communications. The overarching goal is to revolutionize Lenovo's culture, making it more inclusive through integrative accessibility for the benefit of all.

## Innovating for inclusion

### Lenovo's Product Diversity Office (PDO)

The PDO's mission is to ensure that development teams design and test products with diversity and inclusion in mind. Launched in 2019, the PDO now vets 55% of Lenovo's products. The Diversity by Design review process begins when development teams submit information about a new technology. The PDO evaluates diversity risks and makes recommendations accordingly. High-risk products are presented to an executive board, which may recommend user testing with diverse groups. Products may also be referred for Accessibility Consultation or Responsible AI Review. This approach helps minimize bias in the Company's products.

To innovate for inclusion, the PDO works with communities of disabled users so technology can better meet their needs. One example is the Company's partnership with the Governor Morehead School for the Blind in Raleigh, North Carolina. Community engagements have inspired new features, such as the ThinkPad X1 Carbon Gen 12 keyboard, the first ever laptop with additional tactile markings to increase accessibility for blind and visually impaired (VI) users, and the TTS Dongle for ThinkVision P25i-30, one of the first monitor add-ons that talks back to blind and VI users.

In 2023, employees in China ran a series of D&I listening sessions to gain insights about people with disabilities and ensure their voices were heard. Topics ranged from artificial intelligence (AI) and the metaverse to big data and other cutting-edge technologies. Participants provided valuable feedback to product designers, enabling them to embrace inclusivity and accessibility.

Especially important was the collaboration with talented student designers with hearing loss from Beijing Union University. They crafted the second Company ESG and Social Value Public Welfare Calendar. Lenovo marked the International Day of Persons with Disabilities on December 3, 2023, with a series of impactful events. These included a global webinar and an art showcase in Beijing, both featuring individuals with disabilities. The celebration underscored Lenovo's commitment to fostering diversity, amplifying voices, and creating a more inclusive and accessible world.

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

As a Disability: IN corporate partner dedicated to promoting disability inclusion and equality, Lenovo understands the value of harnessing disability as a strength. Lenovo's achievement of a perfect score on the Disability Equality Index (DEI) underscores its commitment to these principles, earning the distinction of being among the "Best Places to Work for Disability Inclusion."

## 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 inventors, 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 year one goals 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 met its year one goals and is working towards meeting its 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.

# Employment and talent management practices

The Company strives to attract the best talent, and develop, retain, reward, and engage its employees through its employment and talent management practices while ensuring compliance with relevant laws and regulations.

## Attract

### Recruitment

The Company's recruitment practices, which are housed and updated annually on the Company's Human Resources (HR) Knowledge Base, support the vision to deliver smarter technology for all. The Company's recruitment objectives are to develop strategies that support business needs and comply with applicable hiring laws and regulations (including Office of Federal Contract Compliance Programs (OFCCP), Equal Employment Opportunity Commission (EEOC), Pay Transparency, General Data Protection Regulation (GDPR), and Privacy Laws) while attracting the best talent from around the globe. The Company's Talent Acquisition (TA) organization manages the end-to-end recruiting process. This includes collaborating with Human Resources Business Partners (HRBP) and managers to understand hiring needs, 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 though good faith efforts and deployment of a Global Sourcing Hub that is focused on recruitment of diverse talent;

2. Leveraging technology through the Career Site, ATS, Talent Community and Referral and Internal Career Portal;

3. Sharing the Lenovo Story and employer value proposition with internal and external candidates;

4. Promoting employee referrals via internal engagement and monetary rewards for hired candidates;

5. Annual recruiting across 180 markets, both live and virtually on university campuses, to source and fill approximately one thousand early career and intern roles;

6. Screening and assessment of skills, including pre-recorded video interview, soft skills, and technical/coding skills assessments. The Company is also working toward skills-based hiring to prepare for AI automation and help diversify the talent pool even further; and

7. Building strong relationships with the Company's external audience, vendors, and internal customers while keeping exceptional customer experience in mind. The Company surveys candidates and managers on their experience and ties these to the team's KPI's.

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, utilizing a dedicated sourcing team, skills-based hiring, and building excellent relationships with candidates to ensure a good fit for the Company's culture and values. The Company's goal is to hire for an expanding research and development team, continue to grow its solutions and services employee base, attract executives with new skills, and target 20 percent of external hires filled through campus and early-career hires to help attract and develop future leaders for the organization.

The Company's recruitment process shepherds the candidate's journey through all touchpoints, including employer brand recognition, sourcing activities, job postings via the Company's job site and various external vendor job listing sites, and communication throughout the application, interview, and offer 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 globally;

- Job board management across various platforms such as Lenovo's careers website, LinkedIn, Glassdoor, Indeed and various other job portals;

- Expansion of University Programs to build the Company's future workforce;

- Attendance at national conventions and conferences to build a pipeline of candidates from diverse groups;
- Lenovo Employer Value Proposition and Employer Branding designed to attract and retain talent;
- Ongoing recruiter training and metrics to increase diverse candidate slates supporting the Company's D&I objectives; and
- Partnerships with organizations or vendors in support of individuals with disabilities (Disability: IN, Valuable500, LiNCI-IT).

Internships are a vital source for prospective candidates and a great way to provide opportunities. In FY 2023/24, the Company hired over 1,000 interns globally, providing meaningful learning experiences, mentor programs, innovation projects, and a view into a Global Fortune 500 technology company. Since the Covid-19 pandemic, the Company has adapted its intern program to a hybrid model, including a virtual or on-site work opportunity to accommodate both business and intern needs.

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 community relations team to help support funding for internships. The following are some of the Company's most popular 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 is dedicated to grow and develop its workforce in support of its long-term innovation and transformation journey. It offers programs that include rotations across various business groups, early career leadership development, technical ladder programs, skills development, and technical certifications. 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 and Marketing)
- India Future Leaders (Sales and 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
- Women's Leadership Development Program (WLDP) and Mosaic Leadership Development Program (MLDP) - focused on US Historically Excluded Talent
- Developing Self for Excellent Performance (DESP)
- FeedForward (Reverse mentoring)
- Early Career Talent Experience

## Develop

### Performance management and development

As the world continues to change at a rapid pace, so has the way the Company works. Employees are seeking more career development focus and opportunities and more frequent feedback to grow and learn. That is why the Company implemented an integrated performance management and development process – Succeed@Lenovo – to enable every employee to grow and succeed.

At the beginning of fiscal year, every employee kicks off their Succeed@Lenovo journey by setting up their Key Performance Indicators (KPI) and Individual Development Plan (IDP), and having a conversation to align with their manager. Throughout the year, employees are empowered to use development resources, actively seek feedback from others, and receive continuous coaching from managers. During mid-year, and year-end, there are two formal check points for managers to assess employees' performance and conduct formal conversations on progress, challenges, opportunities, and next steps.

The Company will continue driving more focus on development, more frequent conversation and feedback, and differentiated rewards and recognition in Succeed@Lenovo, enabling employees to achieve their own growth and success together with the Company.

### Training and development

Lenovo recognizes that many of the skills people have today will change over the next five years. The Company is committed to upskilling its employees to ensure they are ready for the future. To meet the requirements of changing demands, including AI and digital transformation, the Company plans to include AI simulations into leadership development as well as to personalize its learning company-wide.

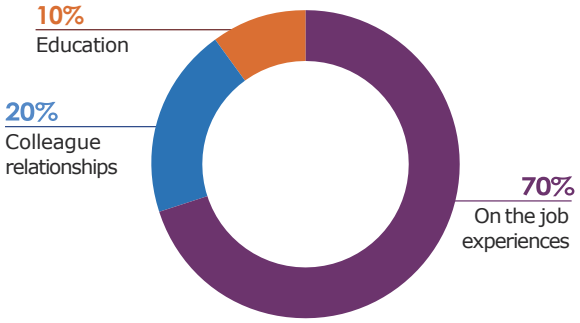
With a significant percentage of market capitalization in public companies being based on intangible assets, such as skilled employees and exceptional leaders, there is an elevated importance on learning and development.

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 and managers. The Company designs for 20 percent of employee development to be achieved 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 of 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 the Company to connect talent with on-the-job opportunities 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 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 a reverse-coaching program led by the early-in-career 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 needed to drive engagement that leads to future innovative solutions.

The Company recognizes that leaders require development through the full progression of leadership levels and responsibilities. Lenovo has a comprehensive leadership and management development blueprint to provide support for managers during their leadership progression by offering specific learning experiences. For the Company's leaders who are at the start of their leadership career, it offers Ready to Manage (RTM) and For Those Who Manage (FTWM) programs. For the Company's mid-level experienced managers, it offers the Executive Presence Workshop (EPW), Director Leadership Enhancement Program (DLEP), Coaching with Impact (CWI), Impactful Leadership in Complex Environments (ILCE), Change Management for Leaders (CMFL), and Experienced Manager Essentials (EME). For Executive Director, Vice President roles and above, the Company offers Striving Excellence in Executive Director (SEED) and Excelling Leadership in Transformation Era (ELITE). Women's and Mosaic Leadership Development Programs (WLDP/MLDP), and the Courageous Personal Leadership Development Program (CPLDP) are available to leaders from historically excluded groups 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.

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.

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. This program is mandatory for all new graduates from the US and China to participate in. The Company now has a 12-month guided program that kicks off with a live or in person training launched at the start of the program. In China, Fresh Graduates Orientation was held with 1.5 days offline training in four cities and one online session for others. More than 500 new graduates participated in the training and had a comprehensive understanding about the Company. Over 100 US participants also engaged in a full-day orientation, with Lenovo employees from various parts of the country gathering to connect and hear from business leaders across the organization. This program includes monthly tailored trainings and a one-year working anniversary event that assists early career talent to assimilate into Lenovo so that they feel included and in control of their careers. The Company's 'We Are Lenovo' culture values are embedded throughout the program with alignment achieved through an annual project with a quarterly culture focus.

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

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.

The Company complies with strict regulatory and statutory requirements globally and ensures all employees are annually completing the required training that includes but is not limited to: Lenovo's Code of Conduct, Anti-Harassment, Security Essentials, Privacy Basics, Anti-Bribery and Whistleblowing.

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 technical and professional training assets available, 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, and virtual and instructor led trainings. The externally developed content aims to provide professional and technical skills, while 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. The Company is continuing to incorporate the use of AI in its training programs to enhance the learning experience, including creating personalized learning plans based on skills that employees need.
FY 2023/24 employee training metrics are available in Section 7.0 Consolidated Metrics of this report.

### Promotion

Among various mechanisms, the Company promotes its employees to demonstrate that it values growth and development. At the Company, a promotion is defined as an increase in job responsibility and complexities that results in the movement to a higher salary range. It is implemented based on the needs of the business and the line manager's assessment of the employee's readiness. Promotions should be based on the role first then individual readiness. When considering if a role should have a band increase, the business will evaluate a number of aspects including if the role has grown in scope, skills and knowledge required, complexity, and nature of impact. If it has been determined that the role is ready then the business will consider an individual's readiness based on a number of factors including past performance, time in band, career aspirations, and advocacy of Lenovo culture. The Company strives to support its employees in growing and developing careers while following its internal policies and ensuring compliance with applicable laws and regulations.

## Retain and reward

### Compensation and benefits

The Company is committed to designing and implementing competitive compensation and benefit programs aimed at attracting, motivating, and retaining talent. These programs incorporate a balanced mix of base pay, short-term and long-term incentive plans, and benefit programs. The Company's approach is rooted in compliance with all relevant laws and regulations, including those of the US such as the Equal Pay Act of 1963, the Civil Rights Act of 1964, the Age Discrimination in Employment Act of 1967, Title I of the Americans with Disabilities Act of 1990, the Fair Labor Standards Act and other legal requirements in every state where the Company has employees.

In addition to legal compliance, the Company proactively monitors market trends and industry practices, swiftly adapting its compensation and benefit strategies to remain highly competitive. To ensure competitiveness, the Company heavily invests in industry-leading market surveys and has a global team that actively monitors trend changes. The Company's overarching compensation and benefits philosophy centers on paying for performance and overall well-being, with a belief that outstanding individual contributions drive exceptional business outcomes. All regular employees - including non-sales staff - are eligible for incentives, commissions and various benefit programs.

Regular non-sales employees set Key Performance Indicators (KPIs) at the beginning of the fiscal year, with managers regularly reviewing and updating objectives as needed. No less than once per year, employees receive documented performance feedback, performance ratings, and an individual performance modifier (IPM) to support the Company's pay-for-performance culture. Non-sales employees are aligned to one or more of the Company's many performance units which - along with performance ratings and individual performance modifiers - impact their incentive payout. Sales employees operate under periodic quotas affecting commission payments, with quotas adjusted as market conditions dictate. The Company's performance management system allows for ongoing feedback, empowering employees to provide input throughout the year.

The Company prioritizes a supportive global working environment, offering flexibility for employees to balance their personal and professional lives. To attract and retain top talent in the competitive technology sector, the Company provides diverse benefits aligning with strategic guidelines: competitive positioning in local markets, alignment with business and cultural strategies, and emphasis on wellness, family support and financial wellbeing.

The Company's Total Rewards approach encompasses five key elements: compensation, benefits, work-life balance, performance and recognition, and development and career opportunities. This holistic approach is vital in attracting, motivating, and retaining the Company's most valuable resource: its people.

Globally, the Company offers flexible benefits tailored to multiple markets, providing employees with choices that suit their needs at various life stages. Options vary by geography, including opportunities to enhance insurance coverage or access lifestyle benefits at discounted rates. In the US, the Company provides voluntary wellness programs, administered in compliance with federal rules, fostering employee health and disease prevention.

### Lenovo's steadfast commitment to pay equity and transparency

The Company has an unwavering commitment to pay equity as a fundamental principle guiding its compensation practices. The Company's approach to fostering a fair and inclusive workplace is grounded in compliance with legal frameworks.

The Company prioritizes a transparent and merit-based pay structure, ensuring that all employees are compensated fairly and equitably for their contributions based on their job, regardless of gender, race, age, disability, or any other protected characteristic. The Company's commitment extends beyond legal requirements, as it actively monitors and assesses its compensation programs to identify and rectify any potential disparities.

To promote transparency, the Company regularly conducts comprehensive pay equity analyses to evaluate its gender or diversity-based pay gaps. Where discrepancies are identified, the Company takes prompt action to rectify them, ensuring that its compensation practices align with its commitment to fairness and equality. The Company's dedication to pay equity is integral to its broader global mission of creating an inclusive and diverse workplace where all employees feel valued and rewarded for their individual contributions.

## Engage

### Employee engagement – 'Lenovo Listens'

The Lenovo Listens survey strengthens engagement and retention by ensuring the employee voice is heard and acted upon.

In 2023, a record 97% of the Company's employees across the globe participated in the Lenovo Listens survey. Overall employee engagement remains very strong at 90% favorable.

The items most related to engagement are employees: (1) feel treated with respect, (2) see a clear link between work and objectives, (3) have confidence in the future of Lenovo, (4) have opportunities for learning and development, and (5) can get work done and maintain well-being.

The top scoring dimensions continue to be Diversity & Inclusion, Ethics & Trust, Manager Effectiveness, and Future Vision.

Additionally, ESG-related items rank among the highest scoring items. These include the Company's: ethical conduct in business dealings (97% favorable), environmental responsibility (96% favorable), genuine interest in the well-being of communities in which the company does business (94% favorable), equal and fair treatment of all employees (94% favorable), and being treated with respect (94% favorable).

Engagement reports were delivered to over 3,800 managers, along with executive reports for leaders of large business units. This underscores the Company's commitment to having engagement conversations at all levels and taking actions to further strengthen the employee experience.

## Lenovo's 'We Are Lenovo' culture

The Company strives to cultivate a 'We Are Lenovo' culture that engages its employees. The Company's culture is at the heart of every choice it makes for its employees and customers. It is the way its employees work together as one team, to drive success for the Company and its customers. The Company's culture enables its employees to deliver its vision of 'Smarter Technology for All', through products, services, solutions, and software that individuals, communities, businesses, and entire populations need to achieve their goals. When employees come to work, they step into an environment built on respect for the people. The Company is exceedingly proud to be a truly global citizen. Its diverse team of people facilitate greater collaboration across borders, so its employees are exposed to the best practices in every business sector.

Championing the promise of "We do what we say. We own what we do. We wow our customers", the 'We Are Lenovo' culture is underpinned by these culture values:

- Serving Our Customers,
- Innovation,
- Entrepreneurship, and
- Teamwork with Integrity and Trust.

From concept to practice, the 'We Are Lenovo' culture values and behaviors are incorporated into many of the people and corporate initiatives, from goal setting to incentive models, and even as deeply as criteria impacting organization and talent growth.

The Company established culture engagement initiatives to help employees embrace the culture values in their day-to-day work and believe that their behaviors are critical to achieving the Company's service-led transformation.

'We Are Lenovo' culture strives to be at the core of what connects employees, making each individual and the entire organization better. The Company believes great ideas can come from anywhere, and it appreciates the unique perspective and talent its employees bring. As a way to showcase how its employees live the culture values, the Company collects, publishes, and promotes outstanding stories on its culture story platform and through other mediums. Stories are also available in multiple formats such as in videos and through different channels, enabling employees around the world to learn and be inspired in accessible and engaging manners.

To align and collaborate on shared goals, the Company provides a platform called The Big Bang Forum as "the think tank of Lenovo", for the Company's leaders to showcase its innovation and strategic plans for products, services and solutions, high-tech, and business models, and more. The Company also offers 'The Innovation Series', a platform for its thought leaders and employees to share innovative ideas and initiatives with opportunities for brainstorming and learning about available training and innovation tools.

The Company is committed to cultivating an inclusive and engaging environment built on respect for its employees, empowering greater collaboration and innovation worldwide. By championing of the 'We Are Lenovo' culture values through support across its stakeholders, the Company aims for success for its businesses, customers, and employees.

# Global philanthropy and community engagement

## Investing in communities

Lenovo'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 the Company does business.

## Lenovo philanthropy governance

Corresponding with the launch of the Lenovo Foundation in 2018, the Company's global philanthropic initiatives are 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 ongoing grantmaking oversight.

## Social investment focus areas

In alignment to the UN Sustainable Development Goals, Lenovo global philanthropy has key focus areas of contributions: reduced inequalities, quality education, and poverty reduction. The Company invests in these key focus areas through strategic investments, employee volunteerism, and humanitarian response.

- Partner with charitable organizations, educational institutions, and civic groups to empower under-represented populations with access to technology and STEM education. In FY 2023/24 the Company invested approximately USD $16.7M in strategic partnerships with charitable, mission aligned organizations around the world.
- Share the Company's Smarter Technology for All vision with communities around the world through employee volunteerism aligned to its mission and vision. In FY 2023/24, the Company invested approximately USD$2.5M in employee engagement initiatives like its Love on Month of Service, global matching gift benefit, and volunteer incentives (sometimes known as dollars for doers). Reference the Consolidated Metrics section to see volunteer hours and matching gift expenditures for FY 2023/24.
- Use the Company's technology and philanthropic resources to strategically respond to natural and humanitarian disasters. In FY 2023/24, the Company invested approximately USD$1.7M in response 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. The team has set goals to directly impact 15 million people and transform one million lives by 2025 (base year FY 2021/22). 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, and 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 a STEM program).

Transformation

- Transformative impact (1 million lives by 2025): Beneficiaries who received 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 is on track to meet their goals by FY 2025/26.

## 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 selected 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 FY 2023/24, 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 $2.5M in funds to more than 20 organizations around the world. In FY 2023/24, the team focused on opportunities to renew funding with existing TransforME grantees, rather than conduct an open grant round.

### 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 third 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 FY 2023/24. 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:

- Flooding in Auckland New Zealand with nearly $15,000 in long-term recovery funds after January 2023 flooding.
- Flooding in Brazil in April 2023, supporting Instituto Verdescola with USD $40,000.
- Hurricane in Peru in May 2023, working with UNICEF Peru to provide USD $15,000 in response.
- Flooding in Italy in May 2023, supporting the efforts of the Italian Red Cross with USD $20,000.
- Flooding in Northern India in July 2023, providing USD $2,000 in response funding.
- Flooding in Chile in July 2023, providing USD $10,000 to support the efforts of Techo.
- Wildfires on the island of Hawaii in August 2023, providing $10,000 in recovery and relief efforts.
- Flooding in Beijing, Tianjin, and Hebei of China in August 2023 with RMB10M/USD $1.4M in funds for efforts to rescue and rebuild.
- Earthquakes in Morocco in September 2023, providing USD $20,000 to support Wine To Water's efforts to provide access to clean water after the disaster.
- Earthquakes in Jishishan, Gansu Province of China in December 2023, providing RMB1M/USD $140K in recovery, response, and materials for the winter months.
- Earthquakes in Noto, Japan in January 2024, with $12,000 to the response efforts of Japan Heart.

In addition to these matrix-driven responses, the Company provides ongoing and strategic support to the American Red Cross to ensure disaster preparedness.

### Love on platform for employee giving benefits

Launched in 2021, the Love on platform is the Company's employee engagement tool, available to full-time employees in the Company's Asia Pacific, Europe/Middle East/Africa, Latin America, and North America business geographies. The tool encourages employees to give their time and resources, supported 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 on the Love on platform that meet the Company's Charitable Giving Guidelines 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).

## Philanthropy in China

### The Curiosity Project: bringing cutting-edge AI to students in rural China

In a pioneering move coordinated through the Work for Humankind program, the Company has unveiled an AI-enhanced science and technology (sci-tech) museum within one of China's rural elementary schools, Heshi Town Central Primary School in Xiushui County.

### The initiative

Together with the Lenovo Foundation Beijing, the Company proudly presents the "Curiosity Project." This effort employs AI and other advanced technologies to craft a state-of-the-art sci-tech museum within a remote rural school. Fueled by innovative technology such as AI and AR, the museum boasts six immersive sections dedicated to diverse subjects like Art, History and Sports. It's more than a museum – it's a bridge, connecting textbook learning with the infinite realms of imagination, paving the way for future discoveries. This initiative underscores the Company ongoing commitment to ESG, bridging the digital divide between urban and rural communities and accelerating rural transformation.

### Beyond the walls

Free and open to all schools, the museum stands to benefit over 120,000 students directly. Collaborations with industry bodies, guest speakers, and Lenovo's volunteers will provide blended educational experiences, both online and offline. This project not only offers a primer in tech for remote students but also stands as the Company's enduring testament to technological potential, welcoming all to explore the future. Lenovo has also brought the AI PC prototype to the sci-tech museum, enabling students to be the first to experience the AI PC's capabilities. The museum will continue to feature technological advancements in the future, serving as a beacon of innovation and inviting media, customers, partners, and the general public to experience and engage in demonstrations and educational discussions.

## Beyond Water: Community impact through sustainable water access

The Company's commitment to sustainability, communities, and employee engagement was showcased through its ongoing partnership with Wine To Water, a non-profit organization that provides access to clean drinking water and hygiene education to communities around the world. The partnership began as a small initiative within Love on Month of Service, but was gradually recognized as an opportunity to combine environmental and social impact goals while engaging employees in purpose by providing access to clean water.

In Spring 2023, groups of Lenovo employees embarked on service projects in Nepal, the Amazon, and the Dominican Republic. Employees worked alongside community members to build infrastructure and create access to clean water, while also sharing WASH hygiene principles. Volunteers experienced feelings of gratitude and empowerment in each service trip, which were captured in the Beyond Water documentary created with funding from Lenovo. Lenovo philanthropy will continue its Wine To Water partnership with support of strategic infrastructure-building initiatives, donations of Lenovo technology, and disaster response initiatives.

*Lenovo employees celebrate after a day of trench digging to build water infrastructure for a community in the Amazon region.*

# 5.0 Governance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# 5.0 Governance

## ESG governance

### A statement on oversight and management of Environmental, Social and Governance

The oversight of Environmental, Social, and Governance (ESG) programs, and the approach and strategy of the Company towards the management of ESG matters was set out in a statement issued by the Board of Directors (the "Board") and management of the Company. Details of which are set out below:

### ESG governance structure

#### Board oversight

The Board has the highest level of oversight for ESG programs and reporting and manages this responsibility. The Board's oversight of the Company's ESG programs and processes includes support and evaluation of the Company's management of and response to key ESG-related risks and opportunities, in the context of strategy, decisions on major transactions, risk management policies, and long-term value-creation across its business operations. Board members are regularly briefed on and have discussions about critical ESG risk areas, opportunities and key ESG practices during Board meetings, and are tasked with approving the ESG Report. ESG-related topics are included in the agenda items of the Board and Board Committee meetings 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 (or her delegates).

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 Audit Committee also has annual review of the adequacy of resources, staff qualifications and experience, training programs, and budget on the Group's ESG performance and reporting. 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), and 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 Group's 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.

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, ESG risks and opportunities, and other relevant 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 Key Performance Indicators (KPIs), including its climate strategy and progress towards its climate change mitigation goals.

## 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 that is 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 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 been following a long-standing integrated approach for internal control which is consistent with the Committee of Sponsoring Organizations of the Treadway Commission (COSO) internal control framework. 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 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 and departments within the Company including Strategy, Human Resources, and others may set KPIs related to their own impacts which may be integrated 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 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, and ESG reporting frameworks. The Company's progress is disclosed in the ESG Report that is reviewed and approved by the Board.

ESG performance metrics and climate-related considerations are factored into certain executive officer's remuneration policies where KPIs are tied to variable compensation or may result in non-monetary incentive such as recognition including employee awards.

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

Ethics and integrity serve as the foundation of all Lenovo business practices. Results from the 2023 'Lenovo Listens' survey highlight one of the Company's greatest strengths: ethical business practices. Specifically, 97% of the Company's workforce believe Lenovo is ethical in all its business dealings. The Company recognizes its success hinges on its steadfast commitment to these values. This commitment is reinforced among the workforce through the Company's core values, which emphasize the significance of "Teamwork with Integrity and Trust," one of the Company's four fundamental cultural tenets.

The Company's Ethics and Compliance Office (ECO) was established to foster a culture that is committed to implementing these values. The ECO works in partnership with stakeholders across the globe to promote legal and ethical operations. The ECO actively raises 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 also 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. Specifically, the Company's new hires are required to take Code training. In order to successfully complete the training, all employees are required to provide attestation of their adherence to the Code and Lenovo policies. Furthermore, in FY 2023/24, 99.9% of all direct labor employees completed mandatory Code training.

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 Group's internal investigation process and speak up initiatives
- The Regional Ethics and Compliance Committee provides the ECO with global support, perspective, and insight

# 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, anti-competitive practices and fair competition, 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 in every jurisdiction 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. 99.9% of the Company's computer-based employees[1], including senior management and executives, completed the anti-bribery and corruption mandatory eLearning course assigned in FY 2023/24. In addition, 48 facilitator-led sessions focused on anti-bribery and corruption basics and case studies were provided to over 17,000 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. Additionally, in FY 2023/24, the Company released an educational video in commemoration of International Anti-Corruption Day, urging all employees to participate in the global fight against corruption. The video garnered viewership from approximately 30,000 employees.

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.

As the Company holds all employees to the highest ethical standards and requires compliance with applicable anti-bribery and corruption laws and regulations, it extends this obligation to its business partners. The Company's business partners are expected to adhere to the same standards of integrity that the Company demands of itself. All business partners are subject to the Company's Global Anti-Bribery and Corruption Policy, which includes the requirement to conduct anti-bribery and corruption due diligence on any business partner identified as presenting elevated bribery and corruption risks to the organization. The Company actively monitors these business partners to address any potential areas of concern or inquiries regarding bribery and corruption.

In FY 2023/24, the Company received the verdict for a legal case related to corruption, which was transferred to authorities as a result of the Company's internal investigation into the alleged misconduct. Two former employees were sentenced for accepting kickbacks of RMB1 million and RMB2.7 million, respectively, in exchange for providing improper benefits to various sales channel partners. In addition to being required to forfeit the money received through kickbacks, both individuals were sentenced by authorities. One individual involved received a two-year prison sentence, three-year probation, and a RMB100,000 fine. Another received a three-year prison sentence and a RMB200,000 fine. The Company terminated the employment of these individuals and implemented additional internal control measures to prevent similar incidents. The impact of the case on the Company's business was minor.

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

## 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 sets out fundamental principles to serve as guidelines for employees in complying with the competition laws in every jurisdiction where the Company operates. In particular, the policies strictly prohibit employees from engaging in anti-competitive practices, including 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.

The Company continues to communicate requirements of global antitrust and anti-competition laws and regulations to the workforce on a periodic basis. In FY 2023/24, over 10 dedicated training sessions were delivered globally to our employees including executive level management.

## 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 complies 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 Infrastructure 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 Infrastructure 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 Infrastructure 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. 100% of all computer-based employees completed the Security Essentials and Privacy Basics training during FY 2023/24.

## Ethical management of responsible Artificial Intelligence

The Company embraces Artificial Intelligence ("AI") across its product lines, from client to edge to cloud and network. Throughout the computing ecosystem, breakthroughs in Large Language Models and AI generated content mark a major leap in AI development and capability and serve as catalysts and accelerators to boost the adoption of AI.

Over the next three years, the Company is making large investments in people and resources for AI that will focus on providing AI devices, AI-ready and AI-optimized computing infrastructure, and embedded AI capabilities in intelligent solutions to accelerate productivity and provide new, revolutionary experiences to the Company's customers.

In FY 2023/24, the Company announced its vision of "Smarter AI for All" and is focused on unleashing the power of AI to drive intelligent transformation in every aspect of people's lives and in every industry – providing technology, solutions, and services that empower industries, enterprises, and individuals around the world. With this ability to empower and influence positive change, arises a profound duty to develop, deploy, and use AI responsibly.

The Company reinforces its commitment to responsible AI by upholding the following principles and guidelines:

1. The Company will not use AI in ways that harm people or put them or their rights at risk.
    - The Company prohibits AI systems that deploy subliminal or manipulative techniques, exploit a person's vulnerabilities, classify people based on their social behavior, socio-economic status, or sensitive personal information, and more.
    - AI systems that pose a risk to a person's health, safety, and civil rights will be carefully evaluated and implemented with additional risk mitigation.
2. The Company will ensure that its AI is fair, transparent, explainable, and efficient.
    - The Company encourages responsible stewardship of trustworthy AI systems in pursuit of beneficial outcomes for individuals whose data is processed by an AI system user, society, and the environment.

- Responsible AI pillars will serve as the basis for evaluating AI systems throughout the Company, including diversity and inclusion, accountability, reliability, explainability, transparency, environmental, and social impact.

3. The Company will ensure that there is proper human oversight throughout the lifecycle of an AI system.

    - The Company firmly believes in the indispensable role of human oversight in the development and use of AI. It recognizes that AI systems, while powerful and transformative, remain tools to be used in support of human endeavor and must be guided by human judgment and ethical considerations.

    - The Company establishes mechanisms for human intervention to ensure proper oversight, validity of AI outcomes, detection of potential biases, and human intervention when necessary to detect and rectify biases, errors, or unintended consequences.

    - By ensuring proper human oversight, the Company strives to instill trust, accountability, and fairness in our AI systems, empowering us to make informed decisions that benefit its customers, users, employees, and society as a whole.

4. The Company will protect people's privacy at all stages of the AI Lifecyle.

    - AI systems will collect and retain data from individuals only where there is a legitimate purpose, and then only to the minimum extent needed to fulfill that purpose.

    - AI systems will be designed to help users comply with privacy requirements, including providing to subjects the reasonable ability to review, correct, amend, or delete their personal data processed by an AI system.

5. The Company's AI will be developed and used with robust security protections.

    - Technical robustness and safety require that AI systems preemptively address risks including, but not limited to, the unpredictability of AI performance and cybersecurity.

    - The Company will establish standards to be used in the review, development, and operation of AI systems to ensure they are safe and reliable.

6. The Company will ensure that its AI respects and protects its own and others' confidential information and intellectual property.

    - Intellectual property concerns arise at all phases of AI development and use, including data selection and acquisition, model training and development, and operations and output.

    - The Company will own or have permission to use all data it uses to train or operate AI systems and ensure that its AI systems are not given inappropriate information or prompts including:

        (1) third-party information in the Company's control not authorized for such use,

        (2) the Company's confidential or restricted information, if the AI system is not approved for such use,

        (3) personal information of the Company employees, customers, or others who have not explicitly consented to such use, or

        (4) prompts or directions that would tend to create problematic, biased, or infringing results.

7. The Company's AI will be developed and used in strict compliance with applicable laws and regulations.

    - The Company is dedicated to the highest standards of legal compliance in all of our worldwide operations and complies with applicable laws and regulations in the jurisdictions where we conduct business.

    - As a result of the enactment of China's regulations concerning AI, the Company established a comprehensive compliance committee consisting of various internal stakeholders to ensure the Company is following regulatory compliance requirements and industry-leading best practices.

    - Globally, the Company continues to monitor the AI regulatory environment and is unwavering in its commitment to developing, deploying, and utilizing AI in accordance with regulatory standards and industry-leading best practices.

In addition to these principles, the Company is further solidifying its dedication to responsible AI by expanding its external presence through partnerships with esteemed organizations dedicated to promoting responsible AI practices. Lenovo is one of just eight technology companies to sign the United Nations Educational, Scientific and Cultural Organization (UNESCO)'s Recommendation on the Ethics of Artificial Intelligence, and since 2021, the Company has been a signatory of the Cercle InterL Women & AI Charter for accountable and gender-fair AI systems.

Lenovo recognizes that the realization of its vision of "Smarter AI for All" hinges upon its steadfast adherence to principles that guarantee the responsible, ethical, and safe development, deployment, and utilization of AI. The principles outlined above not only underpin the Company's vision, but also form the cornerstone of the Company's mission to provide "Smarter Technology for All."

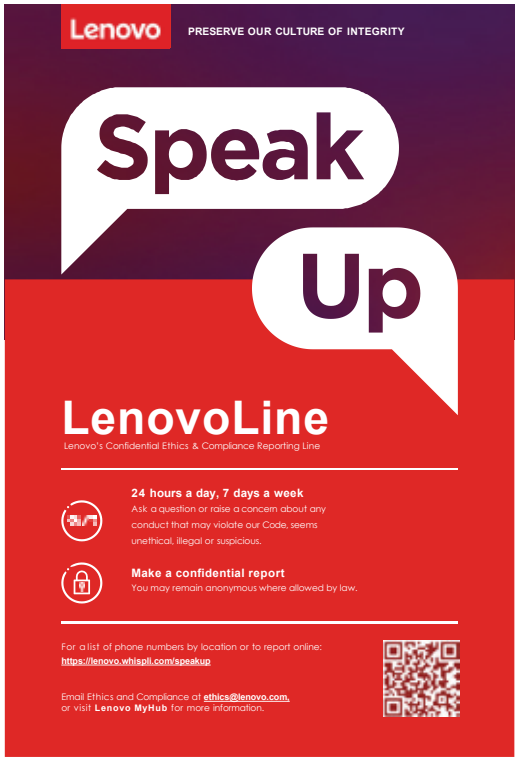
## Reporting Ethical Concerns

The Company is committed to fostering a speak up culture, where employees, contractors, and business partners are empowered 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, mobile app or by telephone. Where allowed by law, employees may report concerns about business practices anonymously.




*Employees are encouraged to use the LenovoLine, Lenovo's confidential ethics and compliance reporting line, to raise concerns or questions. The LenovoLine is also accessible by scanning the QR code.*

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 (IOC), to ensure concerns raised are appropriately investigated and addressed.

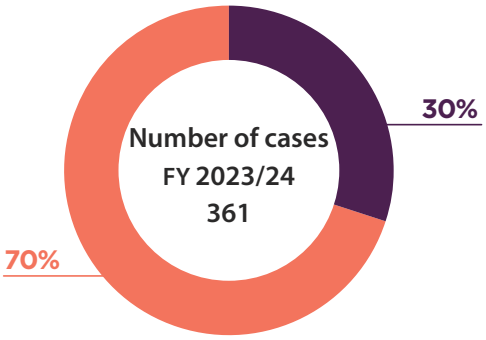
The Company actively issues training and periodic communications to provide employees with information on the Company's internal investigations process and to encourage them to speak up without the fear of retaliation. The Company prohibits retaliation for reports made in good faith. 99.9% of all computer-based employees, including senior management and executives, completed the Company's Whistleblowing and Investigations Policy mandatory eLearning course assigned in FY 2023/24. Additional communications include detailed information about the LenovoLine, quarterly notifications from the IOC with summaries of notable investigations with no identifying details, computer screen lock messaging, posters, and more.

Results from the 2023 Lenovo Listens survey found that **93%** of all employees feel comfortable raising concerns about compliance or ethics with management.

In FY 2023/24, the Company transitioned to a new whistleblowing and hotline provider to enhance the experience for reporters raising concerns. New features of the reporting platform include the ability to raise concerns via mobile app (iOS or Android), instant translation into the reporter's local language while communicating with investigators, and the ability to easily communicate with the Company's investigators through a chat box feature, which allows anonymous reporters to communicate without compromising their anonymity.

With these enhancements and the Company's continuous communications campaign, the Company has seen an increase in the number of concerns raised year over year. 44% of reporters disclosed that they learned about LenovoLine from the Company's internal communications campaign. To evaluate this impact, the Company monitors the number of cases received. In FY 2023/24, the Company received 361 cases involving ethics and compliance concerns compared to 251 cases in FY 2022/23[2]. 57% of the reporters identified themselves and 70% of the cases have been closed and addressed accordingly.

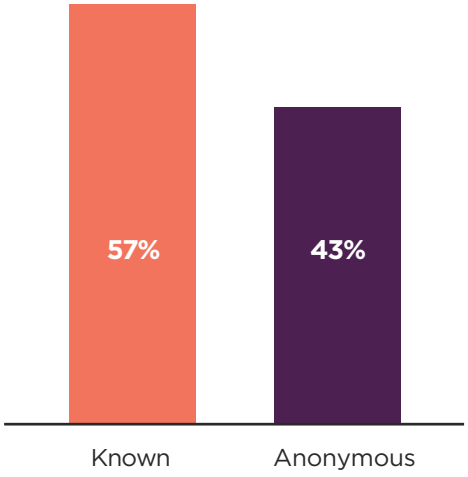
**Total number of cases FY 2023/24**




- Open cases (pending cases)
- Closed cases (includes unsubstantiated and substantiated matters)

[2] *This figure represents the number of cases received and handled by the Investigations Oversight Committee.*

**Percentage of known vs. anonymous cases reported FY 2023/24**




## 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, X, 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 the use of generative AI tools and manual validation to compile and categorize the reasons for escalation and customer feedback and sharing the findings and recommendations with the services delivery teams. The opportunities identified and the actions for continuous improvement are shared with the company executives on a quarterly basis.

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, 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.

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 very rare instances, the Company may recall a product due to safety or health reasons. Under these circumstances, the Company strictly follows the corporate guidelines and engages with the appropriate government regulatory agencies to provide customers with a remedy for the recalled product. Every product recall is a unique situation, but are evaluated and managed by the Company using a common framework. First, data collection and analysis are performed, followed by the creation of an Issue Management Team. Next, the applicable government agencies are engaged, followed by public notification of any action. Finally, the recall remedy is managed, tracked, and reported back to the government agencies.

In November 2023, the Company issued a product recall for the Lenovo USB-C Laptop Power Bank. The recall was issued in 46 countries for a lot of 9,281 units, 12.2% of units produced. Additional information related to this recall and recalls from previous years can be viewed at www.lenovo.com/recalls.

In FY 2023/24, 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 for manufacturing sustainability

In FY 2023/24, the Company finalized and put into use an ESG management system called Lenovo ESG Navigator that helps monitor key ESG metrics in manufacturing. The innovative system offers near real-time insights on greenhouse gas emissions and energy use, replacing traditional manual management of ESG metrics with a flexible, transparent, and highly automated approach that captures data across the value chain from a single point of control, enabling more data-informed decisions in areas impacting sustainability performance.

## 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. 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 options to consider sustainability through services.

## Product and packaging innovations that focus on carbon impact

The latest generation of Lenovo Neptune™ liquid cooling technology 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, $CO_2$ offsetting capabilities, Reduced Carbon Transport options, 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.
- Reduced Carbon Transport: This new solution empowers the Company's customers with transportation alternatives for IT purchases that generate lower carbon emissions, such as those that allow the purchase of Sustainable Aviation Fuel credits.

## 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.

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 2025/26[3]. For more information see Section 9.0.

[3] *Cumulative total since 2005.*

# Governance highlights

## Stakeholder engagement: Lenovo 360 Circle - Unveiling the origins and mission

As part of the Company's stakeholder engagement efforts, Lenovo 360 Circle was established to increase collaboration and enhance its relationships with channel partners. The Company's robust network of channel partners helps to deliver smarter technology to millions of customers around the world. When it comes to devices, infrastructure, and services and solutions, the Company provides channel partners with the resources needed to succeed in a highly competitive market. In 2021, the Company expanded that partner support to include sustainability resources through a partner community called Lenovo 360 Circle.

Built with inputs from channel partners, Lenovo 360 Circle was established as a community for partners to come together for collective learning opportunities and collaboration on addressing key issues in sustainability. The community is based on a self-service portal that follows a similar structure to the engagement process established by the UN Global Compact for private and public sectors.

Partners can apply for membership to Lenovo 360 Circle with their company's sustainability lead and, through the application, identify where they stand in their sustainability efforts into one of three stages: "Connect" partners, who are just starting out and need some help getting their strategy up and running, "Learn" partners, who have a structure in place and are ready to expand their strategies, and "Lead" partners, who are considered 'advanced' in their strategies and may already have a track record of goals and success in their sustainability efforts. Once the partner stage is identified, partners are then connected with a set of resources that are tailored to their specific needs – from assessment tools to tailored curriculums, to access to subject-matter experts and community events and webinars.

The Company envisions the Lenovo 360 Circle not only as a strategic advantage, but also expediting the shift to more sustainable business practices and models. As a community, the Lenovo 360 Circle addresses sustainability as a new business driver, while unlocking new business opportunities and aligning on common ESG goals.

### Thriving together: Collective learning, collaboration, and partnerships in action

FY 2023/24 Lenovo 360 Circle in a few numbers:

- Since September 2023, 343 members joined. The community now counts 363 members representing 2,181 local partners in 43 countries
- 379 sustainability experts as part of the Lenovo 360 Circle community coming from members, from third party's advisors as well as from the Company, representing a year-to-year increase of 102%.
- The community forum participation increased by 179% since the broader opening of the community (~50% panelists coming from members).
- 280+ hours of collaboration through focus groups, sustainability workshops, regular interlocks.
- 5.5 hours training resources developed to support channel sellers and sustainability experts representing 14 courses and 65 modules (~50% industry agnostic content).
- The overall engagement of Lead partners into the community common goals[4] keeps improving year over year:

| | Percentages of Lead partners engaged[5] in or reached common goals in FY 2023/24 (percentage changes compared to prior year) | | | | |
|---|---|---|---|---|---|
| Goal-category | Renewable Energy | Alignment with SBTi | Circular economy | Philanthropy | Wormen in Leadership |
| Engaged | 65% (+5%) | 65% (+0%) | 91% (+1%) | 57 (+2%) | 78% (+3%) |
| Reached | 33% (+13%) | 33% (+2%) | n/a[6] | 54% (+18%) | 67% (-6%) |

4 *To become a Lead member, companies must set at least three out of the five common goals relevant to five topics.*

5 *Engaged is defined as companies who have set a goal.*

6 *"n/a" as circularity goal for each partner is defined individually thus incomparable between the companies.*

FY 2023/24 key projects linked to Lenovo 360 Circle Priorities:

- **Scope 3 inventory management:** The Mode of Transportation (MOT) dashboard is providing detailed emissions data for transported goods for channel partners. It allows them to move away from spend-based assumptions to more accurate calculations, consolidating Scope 3 emissions from transportation based on real logistics data, depending on MOT (including air, sea, and truck) and detailed route from manufacturing location to destination. The MOT dashboard has been developed by the Company's Global Supply Chain, while integrating partner feedback.

- **Products sustainability attributes:** Facilitating access to product sustainability attributes while ensuring transparency and reliability is a key focus of the Lenovo 360 Circle. For this reason, in Spring 2023 the community has joined the "Product ESG Data Transparency" project led by Global Technology Distribution Council (GTDC) and CONTEXT. This project has been built in consultation with IT vendors, IT distributors, and IT resellers to create an ESG data platform, primarily focusing on environmental attributes as a first step.

- **Packaging:** The Lenovo 360 Circle supported Lenovo's EMEA Education team to design and launch an initiative called 'Turning Waste into Educational Wonder', which encourages students and educators to sustainably repurpose the Company's packaging. This initiative comprised a dedicated webpage, instruction booklet in multiple languages and a STEM competition for students to promote skills such as design, engineering, and problem-solving. Overall, there were 160+ submissions from 4,000+ students in 23 countries with nine winners.

- **Learning and Development:** Leveraging the dedicated focus group and answering to a requirement coming from founding partners, the Company has developed the Lenovo 360 Sustainability Learning Paths. The training, primarily targeted at sales and sustainability leaders, offers four learning paths, comprised of courses and interactive, bite-sized modules, to provide essential sustainability knowledge and skills. Learners embark on a journey from sustainability fundamentals, to understanding the Company's ESG approach, and skills to embed sustainability within their business practices. Upon completion, individuals will receive credentials and partners receive Lenovo 360 Accreditation and progression through the levels of Lenovo 360 Circle membership status, where applicable.

FY 2023/24 key partnerships with third parties:

and key participation:

As an active participant of the UN Global Compact, Lenovo 360 Circle is also consistently promoting the initiative's solutions amongst the members of the community while supporting the SDG 17: partnerships for the goals.

### Championing sustainability across the value chain

Lenovo 360 Circle has been recognized with Champion status in the 2023 Canalys Global Sustainable Ecosystems Leadership Matrix for outstanding achievement in sustainability-focused partner programs and robust sustainability strategies at an organizational level. Lenovo 360 Circle was also awarded the Best Value Chain Initiative of the Year at CRN's inaugural Sustainability in Tech summit. This award recognizes a company, or partnership of companies, which are taking steps to reduce emissions across their entire supply chain, reduce waste and resource usage, and provide tangible results of the impact they are making on the environment.

**Testimonials from participants:**

*"Connection is honored to participate as a charter member of Lenovo 360 Circle initiative. Participating in this community has been a tremendous learning experience and has served as a tipping point for Connection to invest in the creation of policies and develop executive sponsored initiatives focused on Sustainability and Corporate Responsibility."*

Brian Hicks, Senior Vice President Product Management and Operations at Connection

*"Tackling complex social and environmental challenges is a team sport. The Lenovo 360 Circle systemic approach is a visionary and ambitious, yet complex journey we can all learn from".*

Arnaud Mourot, VP – Global Corporate Alliances and Changemaker Companies at Ashoka

**Embracing tomorrow: Mapping out the year ahead for Lenovo 360 Circle**

As the Company embarks on its journey forward, Lenovo 360 Circle commits to:

- Actively seek out new members who share its vision and values,
- Prioritize and cultivate strategic partnerships that amplify its mission and magnify its impact,
- Quantifying its impact and enhancing its methodologies and tools.

## Stakeholder engagement: Corporate Compliance Summit

The Company continues to focus on engaging its various stakeholders who may be impacted by its ESG efforts and whose actions can affect the Company's value. On January 15, 2024, the Company held a Corporate Compliance Summit in Beijing, inviting guests from the government, industry, university, and research field to discuss corporate compliance issues, jointly exploring new trends, challenges and opportunities, promoting internal compliance management, enhancing risk prevention awareness, and promoting high-quality development of enterprises to create a healthy market environment together.

# 6.0 Global supply chain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# 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.

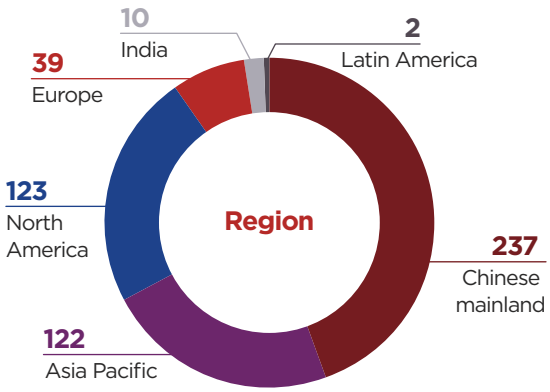
The disclosures in Section 6.0 apply to the Company's production procurement supplier base unless noted otherwise. The majority of the Company's spend is with production procurement suppliers which often have ESG impacts and risks. Production procurement suppliers may pose social risks due to their reliance on significant labor forces, often drawing from extensive pools of lower-skilled workers who may be vulnerable to exploitation. Production procurement suppliers typically contribute to environmental impacts, encompassing factors such as energy, water, and materials required for production. The distribution of suppliers is restricted to production procurement suppliers, given their notable ESG risk profile.

### Distribution of suppliers

The Company recognizes that there can be many benefits in utilizing local suppliers, including reduced logistics costs, potential decreases in GHG emissions, the opportunity to support local economies, and the preservation of community relationships. The Company considers local suppliers as those that operate in the same country as its significant locations of operations. In FY 2023/24, its significant locations of operations included manufacturing locations in China, US, Mexico, Brazil, Hungary, Japan, and India.

The Company estimates that 80 percent of production supply spend in China is with local suppliers. In other manufacturing countries or regions, the Company estimates that 20 percent of spend is with local suppliers.

The chart[1] below shows the geographic distribution of the Company's 533 production procurement suppliers as of the end of 2023. The Company has identified all production procurement suppliers as critical suppliers and all the identified suppliers are included in the chart:




[1] *The allocation chart based on the registered legal entity of the headquarters of suppliers. No significant change in data or calculation methodology compared with previous year.*

### ESG in the supply chain

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 disclosed in Section 6.0 align with the Company's ESG-related internal corporate policies including:

- the Company's environmental commitments which are codified in its Environmental Affairs Policy, Climate and Energy Policy, and Water Resiliency Policy, and
- the Company's human rights commitments which are codified through its Human Rights Policy and further explained in its Anti-Slavery and Human Trafficking Statement.

Commitments that apply to its supply chain are extended to suppliers through its Supplier Code of Conduct.

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 implemented a robust set of controls and programs to manage its overall procurement process.

Additionally, 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. The Company implemented various practices to identify environmental and social risks along the supply chain and continue to monitor those efforts such as surveying new suppliers, performing ongoing supplier audits and assessments, and integrating several ESG-specific controls and practices into its Master Procurement Process.

The Company's risk identification, practices, their implementation and monitoring are detailed throughout this section.

### 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, including the following elements for production procurement 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. Most importantly, it explicitly emphasizes 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 performance. This assessment is facilitated through a supplier onboarding tool. More specifically, all new production procurement 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 2023/24, 169 production procurement suppliers 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, their compliance with the comprehensive Supplier Code of Conduct is executed via the Company's standard purchase agreements or standard purchase orders. To ensure all target agreements include clauses on the Supplier Code of Conduct, the continuous monitoring is in place, including the accessibility check of related links. The Company's Supplier Code of Conduct and the RBA Code of Conduct strictly prohibit bribery and corruption. The RBA audit protocol also includes consideration of anti-bribery and anti-corruption.

- **Supplier performance evaluation**

  Supplier performance evaluation is to provide timely feedback to suppliers to improve performance, move business volume to best suppliers, to reduce or eliminate business to poor performing suppliers. Performance management includes key criteria such as cost, quality, supply, technology, service and ESG as deemed appropriate.

In addition, the Company has implemented practices used to promote environmentally preferable products and services when selecting suppliers including validating new suppliers and evaluating suppliers based on ESG considerations. Ongoing monitoring of supplier management efforts include audits of suppliers' relevant ESG performance and third party ESG ratings. The master procurement process continues to reinforce ESG as a criterion in supplier selection.

### 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 2023/24, 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 2,009. In addition, the Company provides compulsory ESG courses and required a 100 percent completion rate with the production procurement team. Procurement team were also surveyed on their understanding of ESG so improvements can be monitored annually.

| Education module | Training sessions/courses |
|---|---|
| ESG Overall | • ESG Overall live session<br>• Master Supplier ESG Scorecard and SPE Penalty & Credits online course<br>• Master Supplier ESG Scorecard Indicators Introduction online course |
| ESG Focus | • RBA Compliance live session<br>• Protection Against Forced Labor online course<br>• EcoVadis Program live session<br>• Source Right live session<br>• Responsible Sourcing of Raw Materials live session<br>• Environmental Impact live session<br>• Supplier Code of Conduct live session |

## 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.

Responsible Business Alliance
Advancing Sustainability Globally

Regardless of their self-assessment risk level, the Company expects production procurement suppliers to conduct on-site audit. In FY 2023/24, 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.

The Corrective Action Plan (CAP) is a key process of continuous improvement, allowing the company to verify that suppliers have taken concrete steps to remedy any issues. 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 scores[2]

| Suppliers | Labor score | Health & safety score | Environmental score | Ethics score | Management score | Total score | Average # of priority findings[3] | Average # of major findings[3] |
|---|---|---|---|---|---|---|---|---|
| 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 |
| 2023 | 165 | 182 | 197 | 200 | 195 | **169** | 0.1 | 4.3 |
| **ODM Partners** | | | | | | | | |
| 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 |
| 2023 | 171 | 193 | 196 | 199 | 194 | **178** | 0.0 | 3.2 |

[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 2023/24, there were no violations reported related to forced labor or child labor by the Company's suppliers who completed the RBA VAP audits, 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. The Company follows applicable policies and complies with relevant laws and regulations relating to working hours and rest periods.

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

The Company periodically reviews and raises expectations of suppliers' ESG performance. The Company started an effort to require its production procurement suppliers to commit to achieving RBA VAP Recognition and Factory of Choice (FoC) designations to demonstrate leadership in ESG since FY 2020/21. 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. It is the Company's goal that 25% of its suppliers by spending achieve FoC recognition by FY 2026/27.

### EcoVadis

In FY 2023/24, the Company continued to expand the scope of ESG assessments from key Tier 1 suppliers to strategic Tier N and general procurement suppliers with the EcoVadis platform.

The EcoVadis platform aims to provide ESG ratings for a large base of suppliers, including production procurement, general procurement, strategic Tier N and other key suppliers. The Company has implemented the EcoVadis IQ tool to screen suppliers' overall ESG risk, based on their inherent sustainability risks and procurement information. In FY 2023/24, over 2,000 production and general procurement suppliers were processed in the EcoVadis IQ tool, and over 120 suppliers suppliers were invited to conduct an EcoVadis ESG assessment. The Company has increased its supplier evaluation efforts compared to the previous reporting period by involving 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 must implement a CAP and the CAP items are expected to be closed within 90 days. After the implementation of CAP in FY 2023/24, the average EcoVadis scores of suppliers under 45 increased 4.7 points. 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 CAP. 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 2023 survey cycle, the Company continued to proactively encourage 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 2023 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 77 percent are formal RMI members. Among the 247 3TG SORs in operation, 100 percent were compliant[4]. "Select supplier ESG performance indicators and results" for details.

## 2023 Responsible sourcing survey results – percentage of compliant SORs by mineral

| Type of SOR | Total number of SORs | Compliant SORs | Percentage of compliant SORs |
|---|---|---|---|
| Tantalum | 36 | 36 | 100% |
| Tin | 70 | 70 | 100% |
| Tungsten | 33 | 33 | 100% |
| Gold | 108 | 108 | 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. The PCSD Quality Team leads the audit by using questionnaires and checklists based on those developed by the GSC ESG Team in accordance with the RBA Code requirements, focusing on labor, health, and safety.

In FY 2023/24, 69 PCSD Quality Engineers have been trained in RBA requirements by the Company's GSC ESG Team. In FY 2023/24, 85 suppliers were audited. This collaboration with the PCSD Quality Team enables the Company to support an additional method to monitor suppliers' compliance with RBA.

### Supplier ESG performance evaluation (ESG scorecards)

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

- ESG performance of the Company's 90% of suppliers by procurement spend is quantified and assessed with 30 key indicators across RBA, environmental impact, responsible sourcing of raw materials, sustainability reporting, EcoVadis and other ESG factors.

  Leveraging the advanced ESG digital platform, the Company has increased the visibility of ESG performance across 98% of production procurement. This platform is designed to automatically send ESG questionnaires to the Company's suppliers each quarter, requesting them to report on their latest sustainability initiatives. Upon receiving the completed questionnaires, the platform automatically calculates scores based on preset scoring criteria, reflecting each supplier's ESG performance quarterly. This innovative approach not only streamlines the process of monitoring and evaluating the Company's suppliers' commitment to ESG standards but also promotes continuous improvement by providing timely feedback.

- 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 2021/22 | FY 2022/23 | FY 2023/24 |
|---|---|---|---|
| VAP audits | 92% | 93% | 94% |
| RBA VAP recognition | 87% | 83% | 90% |
| Factory of Choice recognition | 6% | 17% | 22% |
| **Responsible sourcing of raw minerals** | **FY 2021/22** | **FY 2022/23** | **FY 2023/24** |
| Conformant or active 3TG smelters & refiners | 96% | 100% | 100% |
| Suppliers with public conflict mineral policy | 94% | 96% | 96% |
| Suppliers with public conflict mineral report | 77% | 76% | 84% |
| **Environmental impact** | **FY 2021/22** | **FY 2022/23** | **FY 2023/24** |
| Suppliers with public GHG reduction goals | 92% | 93% | 95% |
| Suppliers with third-party verification of their GHG emissions data | 94% | 89% | 91% |
| Suppliers with/committed to setting Science Based Target | 28% | 45% | 42% |
| Suppliers with public water reduction goals | 92% | 84% | 85% |
| Suppliers with public waste reduction goals | 83% | 76% | 77% |

## Recognizing suppliers

Five suppliers received the ESG award at the 2023 Supplier Conference. This is the second year that the Company awarded suppliers based on their ESG performance. The five suppliers are BOE, Celxpert, Darfon, LGES, and Simplo. Winners are supportive of the Company's procurement ESG Initiatives and are leading in ESG performance.

## 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.

### 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 requests suppliers to report via CDP reporting methodologies or the RBA survey. The Company started to introduce CDP supply chain program into its supply chain carbon management since FY 2022/23, to help Tier 1 suppliers assess their climate change performance.

### 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 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 2023/24 data, the Company is on track reducing the GHG emissions from purchased goods and services.

To achieve supply chain emissions reduction targets, 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. In FY 2023/24, the company identified key strategic suppliers in each procurement category, conducted greenhouse gas management maturity assessment with them, and review the progress with these suppliers on a quarterly basis to align visions and actions in the joint climate journey.

The Company's most recent supplier engagement efforts on climate change covered the top 98 percent of procurement spend. This effort identified that 76 percent and 94 percent of suppliers by spend have public renewable energy goals, and are tracking and reporting renewable energy generation and purchases, respectively. The Company has also been engaging and incentivizing its suppliers to also commit to the Science Based Targets initiative (SBTi). During the reporting period, 42 percent of its suppliers by spend have committed to set or have set SBTs. It is the Company's goal to achieve 95 percent of suppliers by procurement spend to implement SBTs. See "Select supplier ESG performance indicators and results" for additional percentages of suppliers by spend and related energy and GHG emissions information.

In 2023, the Company signed up for the 2023-2024 CDP Science-Based Targets (SBT) Campaign. The CDP SBT Campaign offers CDP Capital Markets signatories and CDP Supply Chain members, of which the Company is a member, the opportunity to play a key role in accelerating the adoption of science-based climate targets in the private sector, by collaboratively engaging companies on this matter. For the 2023 campaign, CDP sent a letter on behalf of its Capital Markets signatories and Supply Chain members, to a pre-selected sample of over 2,100 high-impact companies, asking them to commit to and set 1.5º C-aligned Science-Based Targets.

In 2023, the Company has co-signed the Zero Carbon Supply Chain Initiative launched by IPE to help accelerate the pace of supply chain decarbonization for meeting global climate targets.

### 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 2023/24, those actions include:

- Started to engage labor agents and contractors to submit RBA indirect SAQ[5]
- Implemented a third-party ESG risk assessment tool (EcoVadis) to screen suppliers throughout the supply chain
- Provided an online course 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

[5] *RBA indirect SAQ is for service provider that is not directly involved in the manufacturing of an end product.*

In FY 2023/24, 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 7.0
- 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 2023/24, 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 has an enhanced ESG digital platform with a supplier training module. This module offers a comprehensive suite of ESG training courses, ranging from detailed explanations of its ESG project requirements to sessions on the latest developments and best practices in ESG related issues.
- 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 about 900 supplier attendees at the 2023 Lenovo Standards and Certification Supplier Conference.
- In FY 2023/24, the Company GSC ESG team successfully held the 2023 Lenovo Supplier ESG Day online event. The event introduced the Company's supply chain ESG Programs and new initiatives, and also shared best practice in supply chain carbon reduction and climate action, with an attendance of 671.
- In FY 2023/24, 3 webinars for suppliers were held (including one with CDP, one with EcoVadis), covering topics including the Company Supplier ESG Requirements for Suppliers, CDP Disclosure Training, EcoVadis CSR Rating, and EcoVadis Post Assessment, and Responsible Sourcing of Raw Materials. Total attendee numbers were 633.
- In FY 2023/24, the Company's online learning module to suppliers went live. By the end of FY 2023/24, the Company has released 17 online ESG courses for suppliers to learn, and 787 supplier representatives learn courses at this training platform.

## Supply chain resilience

In FY 2021/22, 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.