

The Lenovo logo is displayed in white text on a red rectangular background in the top right corner of the cover. The background of the entire cover is a vibrant green, decorated with various nature-themed images in circular and semi-circular shapes, including a forest, a mountain landscape, and a tropical beach. The text is centered in the middle of the cover.

Lenovo

Lenovo Group Limited
Green Finance Framework

Stock Code 992.HK

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Introduction

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ABOUT LENOVO GROUP



Fortune Global 500
company



US\$71bn+
annual revenue



Ranked #1 PC player
globally



Diversified products
and solutions across
IDG, ISG, and SSG



180+ Markets where
Lenovo products
are sold



Diverse and
international
management team

Lenovo Group (“Lenovo” or the “Company”) is a USD 71 billion revenue, Fortune Global 500 company that serves customers in more than 180 markets around the world¹. The Company designs, develops, manufactures and distributes a wide range of smart devices (including personal computers, tablets, smartphones), infrastructure, solutions and services. It is the world’s largest personal computer vendor by unit of sales as of June 2022². An international organization with expansive coverage around the world, Lenovo is listed in Hong Kong SAR, China, with

headquarters in Beijing, China and North Carolina, USA.

Lenovo is focused on a bold vision to deliver smarter technology for all and create a more inclusive, trustworthy, and sustainable digital society for everyone, everywhere. To achieve this, the Company is developing world-changing technologies that power its millions of customers with its wide range of electronic devices and infrastructure, and at the same time empower its customers with its innovative IT solutions, tailored-services, and software.

¹ Data as of 31st March 2022, <https://doc.irasia.com/listco/hk/lenovo/annual/2022/ar2022.pdf>

² Data for 2Q 2022, <https://www.idc.com/getdoc.jsp?containerId=prAP49455522>

ESG GOVERNANCE AND MANAGEMENT SYSTEM

The Company has established robust ESG governance structure, allowing for accountability and transparency at the highest levels of the organization. The Chief Corporate Responsibility Officer provides executive leadership for the Company's ESG position, including any climate change programs or initiatives. In addition, the ESG Executive Oversight Committee provides strategic direction and facilitates the coordination of ESG efforts across the Company. The Board of Directors is briefed on the Company's ESG strategy and progress towards its climate change mitigation goals through formal periodic reporting.

The Company manages the environmental elements of its operations through a comprehensive global environmental management system (EMS)³ that covers the Company's worldwide product design, development, and manufacturing operations (including distribution, fulfillment, and internal

repair operations) for computer products, data center products, mobile devices, smart devices, and accessories. The scope encompasses these same activities when performed by its subsidiary and/or affiliate companies.

Within the framework of the EMS, the Company annually identifies and evaluates the aspects of its operations that have actual or potential significant impacts on the environment. Metrics and controls are established for these significant environmental aspects, and performance relative to these metrics is tracked and reported. Performance targets are then established for select environmental aspects annually, taking into consideration performance relative to the environmental metrics, the Environmental Affairs Policy, regulatory requirements, customer requirements, stakeholder input, environmental and financial impact, and management directives.



³ <https://www.lenovo.com/us/en/compliance/iso-14001/>

SIGNATORY OF THE UN GLOBAL COMPACT

Lenovo is a signatory of the UN Global Compact and has aligned its strategies and operations with the Ten Principles regarding human rights, labor, environment, and anti-corruption. These specific initiatives aligned with the UN Global Compact, combined with Lenovo's wide array of other commitments toward the environment and society, contribute to the United Nations Sustainable Development Goals ("SDGs").

Regarding human rights and labor practices, Lenovo has established its Human Rights Policy⁴, which communicates its respect for human rights in all that it does and how it extends those rights to employees and business partners. Moreover, the Company upholds and supports the protection of internationally proclaimed human rights and does not permit the use of child labor, forced labor or coercion, including physical punishment, in any of its operations. Lenovo adopted a Policy on Minerals from Conflict-Affected and High Risk Area⁵ in line with international industry standards, and requires its suppliers to implement the RBA Code of Conduct.

Lenovo has an extensive number of commitments and initiatives toward the environment. Specific green projects include, improvement of energy efficiency within the Company, increasing of its renewable energy capacity, recycling and reuse⁶, waste management and separation of waste from Lenovo's day-to-day operations, amongst many others. It has also established a corporate Climate and Energy Policy⁷, executed a long-term comprehensive Climate Change Strategy⁸ and set corporate-wide objectives and targets which support the above Policy and Strategy⁹.

To safeguard itself from corruption, the Company has put in place a strict policy on anti-bribery and anti-corruption¹⁰. It has also established a policy on gifts, entertainment, corporate hospitality, and travel to reinforce provisions in the Company's Code of Conduct¹¹. Furthermore, employees may not directly or indirectly offer or give anything of value to any person, including to government officials, to influence official action or to secure an improper advantage as defined by applicable laws.

⁴ https://www.lenovo.com/us/en/social_responsibility/human_rights_policy

⁵ https://static.lenovo.com/ww/docs/sustainability/Conflict_Minerals_Policy.pdf

⁶ <https://www.lenovo.com/us/en/sustainability-product-recycling/>

⁷ https://www.lenovo.com/us/en/social_responsibility/climate_policy/

⁸ <https://www.lenovo.com/us/en/sustainability-climate-change-approach#change-strategy>

⁹ <https://investor.lenovo.com/en/sustainability/reports/FY2021-lenovo-sustainability-report.pdf>

¹⁰ <https://static.lenovo.com/ww/docs/sustainability/lenovo-anti-corruption-bribery-policy.pdf>

¹¹ <https://www.lenovo.com/us/en/sustainability-ethical-business>

ESTABLISHMENT OF SCIENCE-BASED TARGETS



SCIENCE BASED TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Recognizing the potential economic and societal risks of climate change, the Company established Science-Based emissions reduction targets in June 2020, which were validated by the Science-Based Targets initiative (SBTi). Its 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. The targets all have a target date of FY 2029/30, are measured from a base year of FY 2018/19, and consist of:



Reduce absolute Scope 1 and 2 GHG emissions by 50%



Reduce Scope 3 GHG emissions from use of sold products by 25% per comparable product (for notebooks, desktops and servers)



Reduce Scope 3 GHG emissions from purchased goods and services by 25% per million USD procurement spend



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

CONTRIBUTIONS TO SOCIETY

The Company's social investments are focused on STEM (science, technology, engineering, and math), education and empowering diverse and under resourced populations. The Company has a goal of committing a minimum of 0.5% 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: Lenovo Foundation, which is registered in the US, and Lenovo Foundation Beijing. Social investments are managed by a central team that is focused on collaborating across business units and worldwide geographies to maximize the charitable impacts of the Company's giving. These charitable efforts revolve around specific social objectives, including but not limited to:

Empowering under-represented populations with access to technology and STEM education



Sharing the Company's 'Smarter Technology for All' vision with communities around the world through employee volunteerism

Using the Company's technology and philanthropic resources to strategically respond to natural and humanitarian disasters, like Covid-19



For more details and the latest information about sustainability at Lenovo, please view the Company's Environmental, Social and Governance Report¹².

¹² https://investor.lenovo.com/en/sustainability/sustainability_reports.php

A large, vibrant green leaf is the central focus, with a single, clear water droplet hanging from its tip. Inside the droplet, a small, detailed image of the Earth is visible, symbolizing the connection between nature and global finance. The background is a soft, blurred green, suggesting a natural, outdoor setting.

2.0

Green Finance Framework

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The Green Finance Framework (“Framework”) sets out the governance and processes under which Lenovo¹³ intends to issue Green bonds or loans and in doing so contribute to positive environmental and social impacts.

The net proceeds of any green finance instruments or an equivalent amount will be allocated for the financing or refinancing of eligible green projects.




The Framework aligns with International Capital Markets Association (“ICMA”) Green Bond Principles (2021), Loan Market Association (“LMA”), Asia Pacific Loan Market Association (“APLMA”), and Loan Syndications and Trading Association (“LSTA”) Green Loan Principles (2021) and adopts the following key pillars:

- Use of Proceeds
- Process for Project Evaluation and Selection
- Management of Proceeds
- Reporting
- External Review

USE OF PROCEEDS






The net proceeds raised under this Framework or an equivalent amount will be used to finance or refinance in whole or in part, expenditure on projects that are consistent with the eligibility criteria set out below.

Eligible Green Projects

CATEGORIES	ELIGIBILITY CRITERIA	CONTRIBUTION TO SDGS
 <p>Energy Efficiency</p>	<p>Investments and expenditure related to energy-efficiency features, upgrades and retrofitting that result in improved energy efficiency, including but not limited to:</p> <ul style="list-style-type: none"> • Installation of low energy lighting and related electrical equipment • HVAC system and chillers energy efficiency upgrades • Equipment replacement • Building energy management systems • Maintenance program • Data center / computer server room energy efficiency upgrades¹⁴ • Energy efficiency in production processes <p>Investments and expenditure related to the research, design, and development of energy-</p>	 

¹³ Includes Lenovo and its subsidiaries.

¹⁴ Data center / computer server room is considered energy efficient only if it achieves an annualized Power Usage Effectiveness of <1.5

CATEGORIES	ELIGIBILITY CRITERIA	CONTRIBUTION TO SDGS
	efficient products ¹⁵ that result in improved energy efficiency, reduced product carbon footprint, or improved emission intensity of sold products.	
 Renewable Energy	Investments and expenditure related to the construction, operation, and procurement (long-term, project-tied power purchase agreements) of renewable energy sources, including but not limited to: <ul style="list-style-type: none"> • On-site or off-site solar projects • Offshore and onshore wind • Biofuels and biogas 	
 Green Buildings	Investments and expenditure related to the construction, renovation, retrofitting of new and/or existing buildings/facilities that have received or are expected to receive a recognized local and/or international green building certification, such as: <ul style="list-style-type: none"> • China Green Building Evaluation Label - 2 stars or above • BEAM Plus - gold or above • U.S. Leadership in Energy and Environmental Design (LEED) - gold or above 	
 Circular Economy Adapted Products, Production and Processes	Investments and expenditure related to the design, development, and introduction of products, packaging and services that support a circular economy through actions including but not limited to: <ul style="list-style-type: none"> • Use of recycled content • Use of reusable or recyclable materials, components and products • Improving the repairability or recyclability • Extending product life • Offering of services to support reuse or recycling of end of life electronics and IT products 	
 Clean Transportation	Investments and expenditure in low energy consuming or low emission transportation assets.	

¹⁵ Energy efficient products include, but are not limited to those that meet the current ENERGY STAR , EPEAT (Silver or above) and /or TCO requirement

Exclusions Criteria

In any case, eligible assets/projects exclude the types of activities below:

- Production or trade of any product or activity deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international bans
- Production or trade of any product or activity deemed unaligned with the UN Guiding Principles on Business and Human Rights, International Labour Organization Declaration on Fundamental Principles and Rights at Work, United Nations Universal Declaration of Human Rights, and Responsible Business Alliance Code of Conduct

PROCESS FOR PROJECT EVALUATION AND SELECTION

The Lenovo Green Finance Working Group (“GFWG”) is responsible for the management of this Framework and the compliance of all finance instruments issued under the Framework. The GFWG consists of senior representatives from the following departments:



The GFWG may be supplemented from time to time, or expanded, by the inclusion of representatives from other relevant teams. The GFWG may consult with other organizations at Lenovo for guidance and direction including the ESG Executive Oversight Committee (“ESG EOC”).

For new issuances, Finance will coordinate and compile the submission of identified projects for the GFWG’s review. The identified projects’ environmental and/or social credentials will be obtained and confirmed via liaison with relevant

business partners and internal departments. The GFWG will consider potential projects, assess their eligibility, and may approve those that qualify as eligible projects.

The GFWG will consider all proposed projects holistically and aim to ensure that all approved projects financed under this Framework have net-positive environmental and social impacts for stakeholders and the wider society. As part of the assessment process, the GFWG will consider:



Assessment

The environmental and/or social assessments of the projects and any potential environmental and/or social risks



Alignment

The alignment of the projects with Lenovo’s sustainability strategy and policies including SDG priorities



Compliance

The projects’ compliance with relevant local, national, and/or international regulatory requirements and market standards

The proceeds of each green debt instrument can be used for both the financing and/or refinancing of eligible projects.

The GFWG will review the eligibility of those projects every year. Should a project be considered by GFWG to be no longer meeting the criteria

detailed above or is subject to postponement, cancelation or divestment, Lenovo is committed to reallocate proceeds on a best efforts basis to ensure an amount equal to the net proceeds are allocated to eligible projects. Such monitoring will be done throughout the life of the green instruments.

MANAGEMENT OF PROCEEDS

The proceeds from each green debt instrument issued will be managed by Finance with oversight by the GFWG. Lenovo will track the allocation of proceeds to eligible projects within its internal management system (the “Register”) including the following information:

- **Type of Funding Transaction:** Key information includes issuer/borrower entity, transaction date, number of transactions, principal amount of proceeds, repayment or amortization profile, maturity date, interest or coupon, and the ISIN number in case of bond transaction
- **Allocation of Use of Proceeds:**
 - Name and description of eligible projects to which the proceeds of the green instruments have been used in accordance with the Framework
 - Allocation of the proceeds of the green instruments to eligible projects
 - The balance of unallocated proceeds
 - Information of temporary investment for unallocated proceeds

Pending allocation, net proceeds from the sale of the green instruments will be invested in cash, cash equivalents or deposits, subject to exclusions criteria. For each issuance under this Framework, Lenovo will review the Register once a year and expects to achieve full allocation within two years from the date of issuance.



REPORTING






Lenovo will publish a post-issuance report annually, or more frequently in case of material developments. The reporting will provide the following information:

Allocation Reporting, to be disclosed until full allocation, will include:

- Allocation amount by eligible project category, and clearly indicating the SDG(s) of which such allocation supports
- Allocation amount by geography
- Proportion between financing and refinancing
- Project examples, subject to confidentiality
- Amount of unallocated proceeds and its temporary treatment

Impact Reporting, to be disclosed until full allocation, will include:

Where possible and subject to data availability and confidentiality, reporting of environmental impact of the projects using relevant indicators as suggested in the ICMA Harmonized Framework for Impact Reporting.

CATEGORIES	EXAMPLE OF IMPACT INDICATORS
 Energy Efficiency	Annual energy conserved (MWh or GJ) Annual GHG emissions reduced/avoided (metric tonnes of CO2 equivalent)
 Renewable Energy	Annual renewable energy generation (MWh or GJ) Annual GHG emissions reduced/avoided (metric tonnes of CO2 equivalent)
 Green Buildings	Number of green buildings constructed/renovated Area of green buildings built (square feet or square metres)
 Circular Economy Adapted Products, Production and Processes	Annual waste reduced/avoided/prevented (metric tonnes) Annual number of circular economy materials/components/products designed or introduced
 Clean Transportation	Number and type of clean transportation assets acquired Annual GHG emissions reduced/avoided (metric tonnes of CO2 equivalent)

Should there be any co-financing of projects, Lenovo will only claim and report the impact proportionate to the Company's financing amount.

The post-issuance report will be made available at Lenovo's company website¹⁶.

EXTERNAL REVIEW

Lenovo has engaged Sustainalytics to provide external review to assess and confirm that the Framework is in line with ICMA, LMA, APLMA, and LSTA principles and guidelines. The external review report is published on Lenovo's company website¹⁷.

Lenovo may engage an independent third party to conduct post-issuance assurance on the allocation of proceeds and impact reporting.

¹⁶ <https://investor.lenovo.com/en/global/home.php>

¹⁷ <https://investor.lenovo.com/en/sustainability/second-party-opinion.pdf>



3.0

**Amendments to the
Framework**

The GFWG will review this Framework on a regular basis, including its alignment to updated versions of the Principles as and when they are released, with the aim of adhering to best practices in the market. Such review may result in this Framework being updated and amended. The updates, if not minor in nature, will be subject to the prior approval of the Company and a

credible external reviewer. Any future updated version of this Framework that may exist will either keep or improve the current levels of transparency and reporting disclosures, including the corresponding review by an external reviewer. The updated Framework, if any, will be published on the Company's website¹⁸ and will replace this Framework.

¹⁸ <https://investor.lenovo.com/en/sustainability/green-finance-framework.pdf>

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