

Lenovo Climate Transition Plan



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| Approval Date: | June 2023 | |

Lenovo 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).¹ Lenovo 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.

As emphasized in most recent United Nations Climate Change Conference (UNCCC) Conference of Parties (COP27), this is a critical decade for climate action.² Based on IPCC report, limiting global warming potential in 1.5 °C requires global greenhouse emissions peak before 2025 and be reduced by 43% by 2030.¹ In addition, accountability has been identified as new focus, indicating besides national efforts, sector, business, and institution need to assure commitments are on track and climate transition plans have been implemented.²

Lenovo is working both internally and externally to minimize and mitigate climate risks in the business and communities in which it operates'. This Climate Transition Plan provides a series of climate targets and actions to follow emission pathway aligned to 1.5 °C ambition of Paris Agreement. This Climate Transition Plan also enables investors, customers, and collaborators to have additional layer of transparency on Lenovo's climate journey.

The carbon mitigation hierarchy below has been used widely to prioritize carbon mitigation efforts and reflects a science-aligned reduction trajectory. Organizations should always start with avoiding and reducing emission internally and across the value chain. For example, with energy efficiency projects, facilities can avoid energy consumption by turning off unused equipment, or reduce energy consumption by optimizing heating or cooling systems. These energy efficiency projects all lead to avoiding or reducing emissions. For emissions that cannot be avoided or reduced, organizations can explore alternatives to replace current practices, such as shifting from conventional jet fuel to sustainable aviation fuel. For the rest of the unabated emissions, organizations can use high quality carbon credits to offset emissions. In strictly following this hierarchy, Lenovo will primarily focus on avoid, reduce, and replace carbon mitigation initiatives instead of offsetting.

¹ IPCC, 2022: Climate Change 2022: Impacts, Adaptation, and Vulnerability. Contribution of Working Group II to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change [H.-O. Pörtner, D.C. Roberts, M. Tignor, E.S. Poloczanska, K. Mintenbeck, A. Alegría, M. Craig, S. Langsdorf, S. Löschke, V. Möller, A. Okem, B. Rama (eds.)]. Cambridge University Press. Cambridge University Press, Cambridge, UK and New York, NY, USA, 3056 pp., doi:10.1017/9781009325844.

² <https://unfccc.int/event/cop-27>

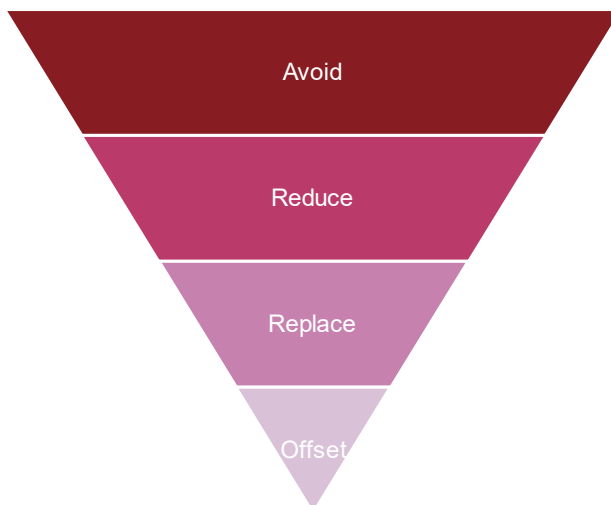


Figure 1. Carbon Mitigation Hierarchy

Governance

Lenovo’s Board of Directors has the highest level of oversight for Environmental, Social and Governance (ESG) performance and reporting and manages this responsibility through the governance structure outlined below. At least annually, the Board of Directors is briefed on climate strategy and progress towards our climate change mitigation goals. Lenovo’s Chief Legal & Corporate Responsibility Officer provides executive leadership for Lenovo’s ESG position and ensures regular reports are made to the Lenovo Executive Committee (LEC), the Board and its Committees. In addition, the ESG Executive Oversight Committee (EOC) provides strategic direction and facilitates the coordination of ESG efforts across Lenovo, including Lenovo’s Climate Change Strategy and Climate Transition Plan. 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 detailed governance structure can be found in Lenovo’s [ESG report](#) and [CDP disclosure](#).

ESG governance structure and board oversight



Figure 2. Lenovo ESG Governance Structure and Board Oversight

Risk assessment

The significant risks and opportunities associated with climate change for Lenovo business are identified and evaluated as part of two main processes within Lenovo'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.

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

Energy consumption, the associated greenhouse gas (GHG) emissions, and climate change are identified as significant environmental aspects and impacts for Lenovo. As such, associated risks and opportunities are evaluated and prioritized annually based on its significant aspect methodology in accordance with the requirements of Lenovo's Environmental Management System (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 Lenovo's Global ESG team. The results of this evaluation are considered in the Enterprise Risk Management (ERM) process described above.

The detailed climate related risks and opportunities assessment via scenario analysis can be found in Lenovo's [CDP disclosure](#).

Science-based targets and net-zero target

Lenovo has responded to the Science-Based Targets initiative's (SBTi) 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. In December 2022, Lenovo updated its short-term science-based emissions reduction targets and established its net-zero targets, which were validated by SBTi. For near-term targets, 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, which means they are in line with current best practices. For net-zero targets, Lenovo will achieve 90% emission reduction in Scope 1, 2, and 3.

On January 19, 2023, Lenovo announced its goal to reach net-zero GHG emissions by 2050, validated and approved by SBTi, a partnership between the UN Global Compact, CDP, World Resources Institute and World Wide Fund for Nature – making it the first PC and smartphone maker and one of only 139 companies in the world with a net-zero target validated by SBTi (as of January 19, 2023). By working with SBTi and aligning to their Net-Zero Standard (the world's first), Lenovo is taking a scientific, collaborative, and accountable approach to reducing emissions. Aligning goals to 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.

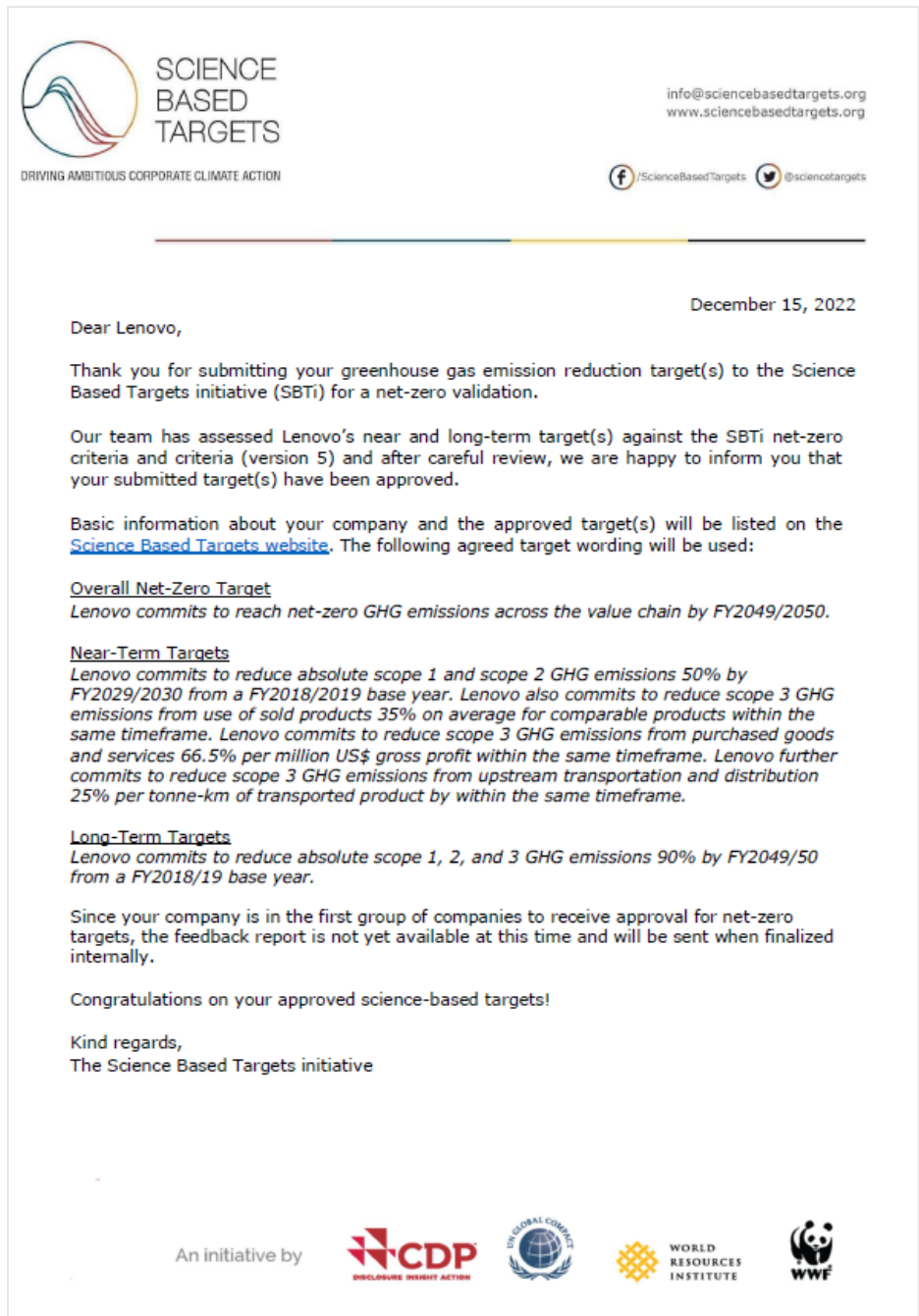


Figure 3. Lenovo's SBTi Approval Letter

Net-zero target detail

Lenovo commits to reach net-zero GHG emissions across the value chain by Fiscal Year (FY) 2049/50.

Near-term targets

Lenovo commits to reduce absolute Scope 1 and Scope 2 GHG emissions 50% by FY 2029/30 from a FY 2018/19 base year.

Lenovo also commits to reduce Scope 3 GHG emissions from use of sold products 35% on average for comparable products within the same timeframe.

Lenovo commits to reduce Scope 3 GHG emissions from purchased goods and services 66.5% per million US\$ gross profit within the same timeframe.

Lenovo further commits to reduce Scope 3 GHG emissions from upstream transportation and distribution 25% per tonne-km of transported product within the same timeframe.

Long-term target

Lenovo commits to reduce absolute Scope 1, 2, and 3 GHG emissions by 90% by FY 2049/50 from a FY 2018/19 base year.

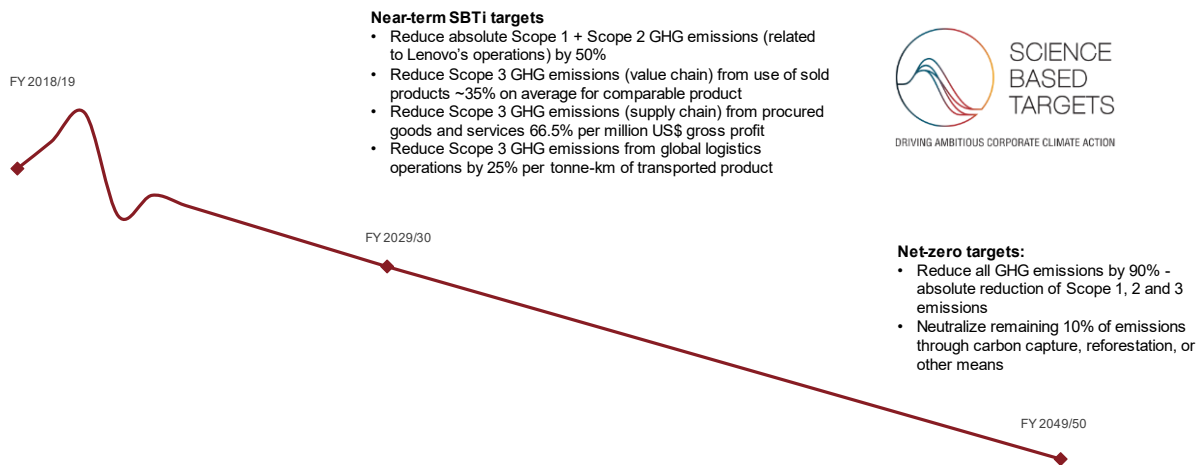
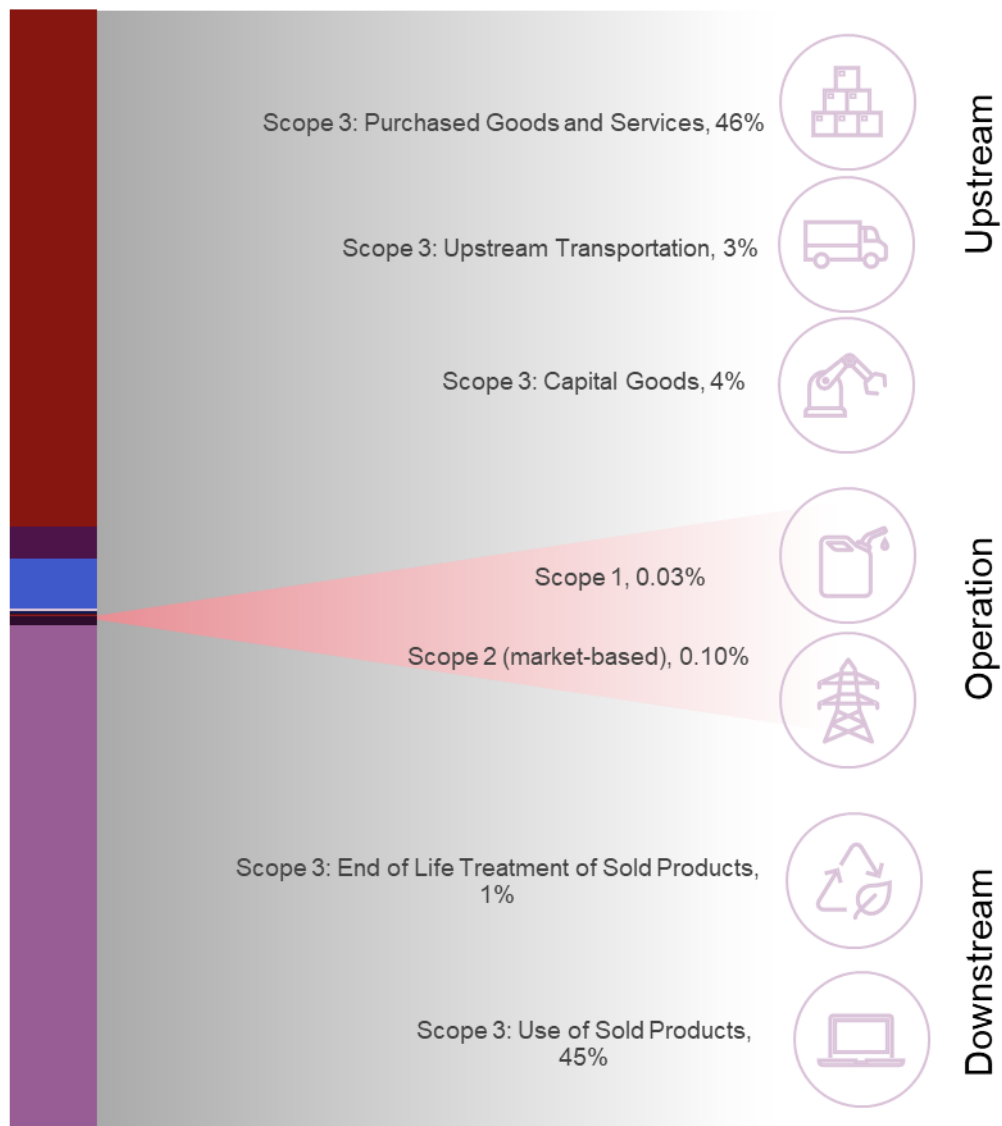


Figure 4. Lenovo's SBTi Targets

Lenovo's carbon footprint

Lenovo has been disclosing environmental information, including energy and emissions, through CDP for over ten years. Lenovo's carbon accounting is aligned with Greenhouse Gas Protocol and Lenovo's Scope 1, 2, and 3 emissions are external verified annually ([Lenovo's GHG and Energy Verification Statement](#)). Lenovo is continuing to monitor and analyze its carbon footprint to track the emissions trend and identify hotspots.

As shown in the emission breakdown figure below, the dominant emissions contribution comes from Lenovo's value chain. In the upstream value chain, purchased goods and service and transportation comprises almost 50% of the total footprint. The other half is in the downstream value chain use phase emissions due to direct energy consumption of products. Scope 1 and Scope 2 emissions come from operations, including manufacturing sites, research and development (R&D), and offices. These contributors are identified as the SBTi near-term targets, which are also critical to reach net-zero targets.



Note: Scope 3 category's contribution which is less than 1% is not listed here.

Figure 5. Lenovo's Emissions Breakdown

Lenovo overarching decarbonization strategy

Lenovo is working toward a smarter, more sustainable future for all. Lenovo's overarching decarbonization strategy is shown in the figure below, using direct operations as the starting point, and expanding to value chain, industry, and social impacts. In addition, annually updated environmental objectives and targets as part of Lenovo's EMS can support interim key performance indicators (KPIs) aligned with SBTi targets to drive accountability and transparency in Lenovo's net-zero journey. The progress can be found in Lenovo's annual [ESG report](#). Lenovo does not anticipate using offsets to achieve its climate targets prior to 2050.

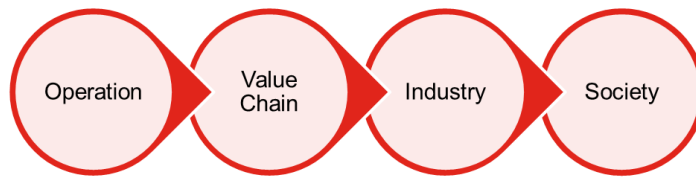


Figure 6. Lenovo's Decarbonization Strategy

Scope 1 and Scope 2 emissions contribute minimal emissions compared to Scope 3. However, operation emissions (Scope 1 and 2 emissions) are fully under Lenovo's control. Reducing operation emissions is the evidence to show suppliers the possibility of eliminating operation emissions at their sites and an opportunity to share good practices with suppliers. Through initiatives such as energy efficiency projects and renewable energy projects, Lenovo can reach its climate targets.

Value chain emissions contribute to the majority of Lenovo's corporate footprint, however they are not directly controlled by Lenovo. The key to emissions reduction in this area is the engagement with suppliers and customers. Lenovo has a strong focus on leadership impact in sustainability area, including diverse plans to involve upstream suppliers and downstream customers into emissions reduction initiatives. For example, Lenovo has launched the Supplier Emission Reduction Program to encourage suppliers to take climate actions and the Lenovo 360 Circle program to share good sustainability practice with business partners

Climate change is a global crisis, which requires all stakeholders to take action. Lenovo continues to increase its impact on the industry and society to support global low carbon transition. In the past years, Lenovo has demonstrated strong leadership around the world in its approach to ESG. As a global technology powerhouse, Lenovo recognizes its opportunity to lead and influence sustainable industry transformation in China and beyond. For example, Song of Yangtze River project has utilized innovative technology to increase public understanding and support scientific research on biodiversity. Lenovo has contributed to the first low-carbon factory standard for the ICT industry in China, which was launched in September 2022.

Following sections will detail the Climate Transition Plan in different perspectives.

Operation

Operation emissions come from Lenovo's directly controlled facilities, including manufacturing, R&D, and offices. The figure below shows Lenovo's short-term targets in operations. To achieve net-zero targets, Lenovo will take following actions to minimize emissions from direct operation:

- Continue working on energy efficiency projects onsite to reduce energy consumption.
- Utilize artificial intelligence (AI) to optimize energy system.
- Increase renewable energy portfolio in facilities.

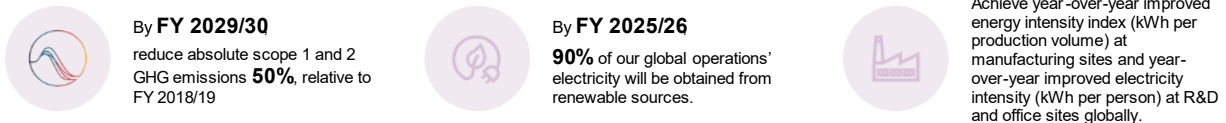


Figure 7. Lenovo's Climate Targets in Operation

The manufacturing sites are required to implement at least one energy efficiency project annually, including the installation of energy-efficient equipment, air compressor heat recovery, energy efficiency improvement of heating, ventilation, and air conditioning (HVAC) systems, and Building Automation System deployment. These initiatives have already saved Lenovo over a million US\$ in energy costs since FY 2018/19. In the future, Lenovo plans to increase the coverage of these energy efficiency projects and pilot feasible new technologies to reduce operational emissions.

Lenovo has been developing its own AI-based energy saving system since 2022. This AI-based energy system can monitor, control, and optimize energy system automatically. Lenovo's Beijing headquarters has applied this AI-based energy saving system for its central heating system, which leads to up to 35% heating energy consumption saving, approximate 1500 metric tons of carbon emission reduction, and approximate two hundred thousand US dollars savings each year. Lenovo plans to pilot this AI system on cooling system and explores feasibility to adapt to the rest of facilities.

Solar panel installation and renewable energy commodities (RECs) are two major measures utilized by Lenovo to pursue renewable energy target. As of FY 2022/23, Lenovo has installed 17 megawatts (MW) of solar energy generation capacity. Lenovo plans to expand solar installation in the rest of its manufacturing sites. As a global company, Lenovo has offices located around the world. Even though manufacturing and R&D are major contributors to Scope 1 and 2 emissions, achieving net-zero targets require pushing boundaries to 100% coverage. Therefore, besides manufacturing and R&D, Lenovo plans to focus on renewable energy portfolio for global offices in the future. In addition to RECs, Lenovo will explore the possibility of utilizing other instruments such as long-term power purchased agreement (PPAs).

Lenovo is also actively looking for opportunities to achieve operational carbon neutrality.³ In strictly following the carbon mitigation hierarchy, Lenovo has been implementing energy efficiency projects and optimizing the energy management system every year. After all these emission reduction actions, the residual emissions will be offset to reach carbon neutrality.³ In 2022, Lenovo's Beijing Headquarter has been certified as a carbon neutral building.⁴ In addition, Lenovo's Wuhan Plant is the first factory in China's ICT industry to be certified as carbon neutral.⁵ With the successful story in China, Lenovo will continue to participate in standard development and plans to expand to more sites in China. At the same time, Lenovo will explore expanding the carbon neutrality standard and evaluating carbon neutrality feasibility in the rest of world.

In 2022, Lenovo completed a US\$1.25 billion bond offering, with inaugural green bonds tranche of US\$625 million supporting its vision to achieve net-zero by 2050. This is a key development as Lenovo continues to drive its integrated climate and sustainability objectives and ambitions, enabling Lenovo to finance projects and initiatives that support its ESG commitments, and build a smarter and more sustainable future for all.

Upstream value chain

Upstream emissions contribute around half of the total Lenovo footprint, therefore, tackling decarbonization in upstream value chain is critical to Lenovo's overall Climate Transition Plan. The figure below are short-term targets in upstream value chain at Lenovo. Lenovo has set near-term SBTi targets on purchased goods and services (suppliers' emissions) and upstream transportation emissions, which are of primary focus in the next decades. Materials in products and packaging are another focus, and Lenovo plans to transition to recycled material or low carbon materials to achieve circularity.

³ Carbon neutrality in this context is not equal to neutralization of unabated emissions to reach net-zero in SBTi Net-Zero Standard.

⁴ Beijing Headquarter carbon neutral building is aligned with China Energy Conservation Association's "Zero Carbon Civil Building Evaluation Standard". The certificate is issued by Beijing Green Exchange.

⁵ Wuhan carbon neutrality factory is aligned with "General Specification for the Evaluation of Zero-carbon Factories" group standard developed by China Electronics Standardization Institute (CESI).

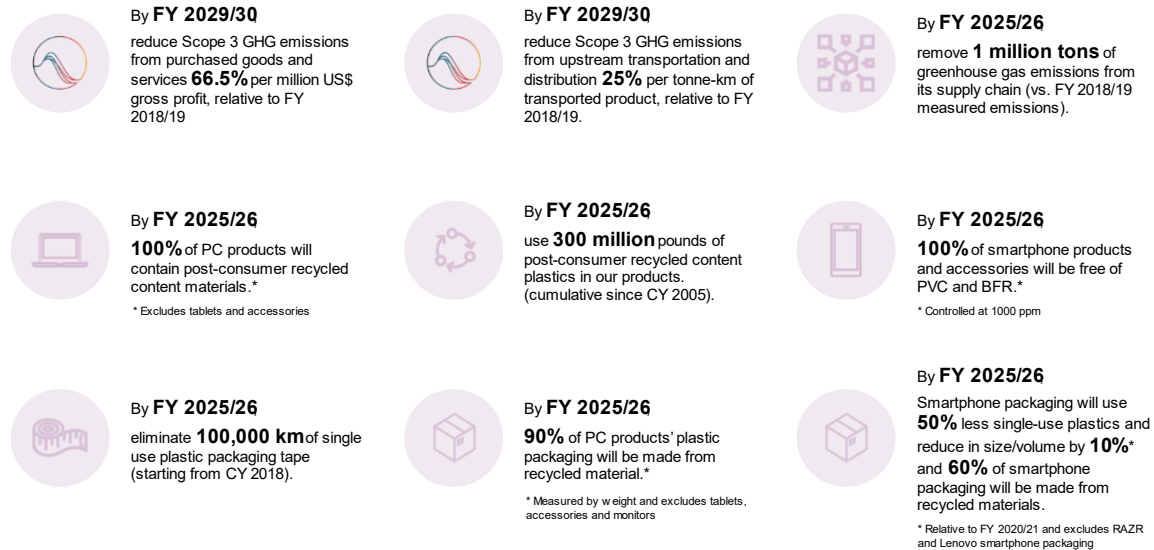


Figure 8. Lenovo's Climate Targets in Upstream Value Chain

Supplier engagement

Supplier engagement is crucial to Lenovo's Climate Transition Plan since 46% of its carbon footprint is attributed to upstream supplier emissions. With a leadership position in supply chain management, Lenovo has leveraged its supply chain management experience to drive its supply chain decarbonization strategy. In 2022, CDP presented Lenovo with the Supply Chain Decarbonization Pioneer Award for its outstanding supplier engagement in climate actions.

Improving data quality is a well-known challenge in decarbonization strategy. Accurate carbon accounting helps Lenovo to track progress and develop appropriate Climate Transition Plan. Lenovo will keep improving data quality, including a plan to incorporate as much as supplier specific data and increasing use of product level data.

To develop the supplier engagement strategy, Lenovo needs to understand suppliers' status through their climate related data disclosure. Based on data, Lenovo will segment suppliers, develop different engagement strategy based on their impact to Lenovo's emissions footprint and maturity in emissions management, and prioritize supply chain emissions hotspots for engagement. The following are Lenovo's prospective actions in supplier engagement:

- Increasing adoption rate of renewable energy in our supply chain
- Increasing SBTi committed rate in our supply chain
- Encouraging supplier emission reduction initiatives
- Providing education and training

Lenovo has developed a supplier overall ESG performance evaluation framework, which is integrated into the procurement process and reviewed with suppliers at quarterly basis. Within the ESG performance evaluation, suppliers' emission management performance indicators, including disclosure of climate-related data, commitments to increase renewable energy usage in suppliers' production, commitments to set SBTi targets or public climate targets, and taking actions to reduce emissions, are evaluated.

Lenovo values scientific approaches to mitigating climate change. With its own climate targets validated by SBTi, Lenovo is also using its own impacts on supply chain to encourage suppliers to commit to SBTi targets and net-zero targets. For more advanced suppliers, Lenovo will collaborate with them to engage their own supply chain and drive the industry towards low-carbon transformation.

Lenovo has developed its own Supplier Emission Reduction Program to track suppliers' emission reduction progress. Through this program, Lenovo will ensure suppliers continue making improvement on emission reduction. Meanwhile Lenovo will keep developing related education and training material, and provide capacity building trainings to suppliers on Lenovo's requirements and general knowledge on emissions management.

Global logistics

Lenovo ships millions of products every year, which makes upstream transportation a significant portion of the total carbon footprint. Lenovo has been a leader in the sustainable transportation area. In 2022, Lenovo achieved 4-Leaf Certification from Green Freight Asia (GFA) for its performance in Australia. The company is a member of the Global Logistics Emission Council (GLEC) and uses this framework to calculate the carbon footprint of its Scope 3 emissions. Lenovo plans to continue working on following key areas to reduce transportation emissions:

- Shifting to low carbon transport
- Shifting to low carbon fuel
- Optimizing utilization, including route, loading, etc.

Lenovo will keep working on a transition from air freight to road and ocean freight. Considering the transportation network is different among regions, each region and country are expected to set their own transition targets. In EMEA and AP regions, the primary focus will be shifting to ocean freight, while in China and North America, lower carbon road freight is the key. Additionally, even though transportation electrification is highly dependent on each country's policy and infrastructure, Lenovo aims to increase the usage of electric vehicles and bikes.

Lenovo plans to continue exploring possible low carbon fuel transition. Sustainable aviation fuel and sustainable marine fuel are two main focuses. Lenovo has partnered with logistic suppliers on pilot programs utilizing sustainable fuel on air freight and ocean freight respectively. Lenovo expects these programs will expand in the next decades to achieve SBTi targets.

Lenovo seeks more opportunities on increasing utilization and route optimization. Lenovo intends to reduce transport distance by optimizing the route. Moreover, Lenovo plans to increase trailer loading, improve container utilization, and increase truck size to consolidate more shipments in each transport segment.

Product recycled material

Recycled material can reduce resource consumption and achieve environmental benefits. Since early 2005, Lenovo's cumulative total use of recycled plastics in products has reached over 130 million kilograms (gross) containing post-industrial content (PIC), post-consumer content (PCC), and/or closed-loop post-consumer content (CL PCC), with net PCC of approximately 54 million kilograms and net CL PCC of more than 18 million kilograms. In 2022, Lenovo's use of plastics containing OBP was approximately 10,800 kilograms (gross) with a net OBP of approximately 540 kilograms. In FY 2022/23, Lenovo expanded the use of recycled aluminum and magnesium to more notebook products, including 100% recycled aluminum

for tablets production. Lenovo will continue to incorporate recycled content materials and to introduce new materials such as ocean bound plastics (OBP) and recycled metals into its products.

Packaging materials

Lenovo supports transition packaging to recycled materials or renewable materials, especially the plant-based bamboo or sugar cane fibers. In 2022, a brand-new bamboo gift box was introduced to ThinkPad X1 and Z series. It is made from 100 percent renewable bamboo fiber and the box weight is effectively reduced by 30 percent compared to the previous gift box. By combining bamboo fiber technology with other innovative materials, the packaging team has accomplished plastic-free packaging on ThinkPad X1 and Z series. Additionally, Lenovo keeps researching the possibility of using OBP in product package and expands OBP usage in different product packages. Lenovo estimates 130-140 metric tons of OBP will be used in packaging each year.

Lenovo's packaging priorities focus on reducing its packaging consumption, waste, and carbon emissions levels. Lenovo will explore opportunities of increasing use of recycled and renewable materials and bio-based materials in the packaging. Additionally, Lenovo will continue to reduce the size and amount of product packaging and expand the use of bulk and reusable packaging solution.

Water

Lenovo recognizes the need to adapt to global warming while pursuing a net-zero future. Science-based net-zero targets are intended to prevent the worst impacts of climate change but will not avoid all climate impacts. Many impacts of a warmer world will be felt through water, such as increases in water stress and extreme weather events making droughts and floods more likely and less predictable. In order to protect this shared and stressed resource, Lenovo strives to maintain operational control of water withdrawals and minimize pollution within its direct operations while collecting information on our suppliers' water management. In addition, Lenovo will continue to assess, monitor and appropriately respond to water-risk exposure in our operations and supply chain and transparently disclose on our water security annually through CDP.

Downstream value chain

The other significant portion of Lenovo emissions comes from downstream value chain directly related to products. The figure below are near-term targets in downstream value chain at Lenovo. There are two dominant factors that influence downstream emissions, product emissions such as energy efficiency and customer behavior, including end of life of products and usage habits. Thus, actions such as improving product specifications or helping customers understand possible decarbonization initiatives can be effective measures to reduce downstream emissions. These actions must become primary focus areas at Lenovo to mitigate climate change.

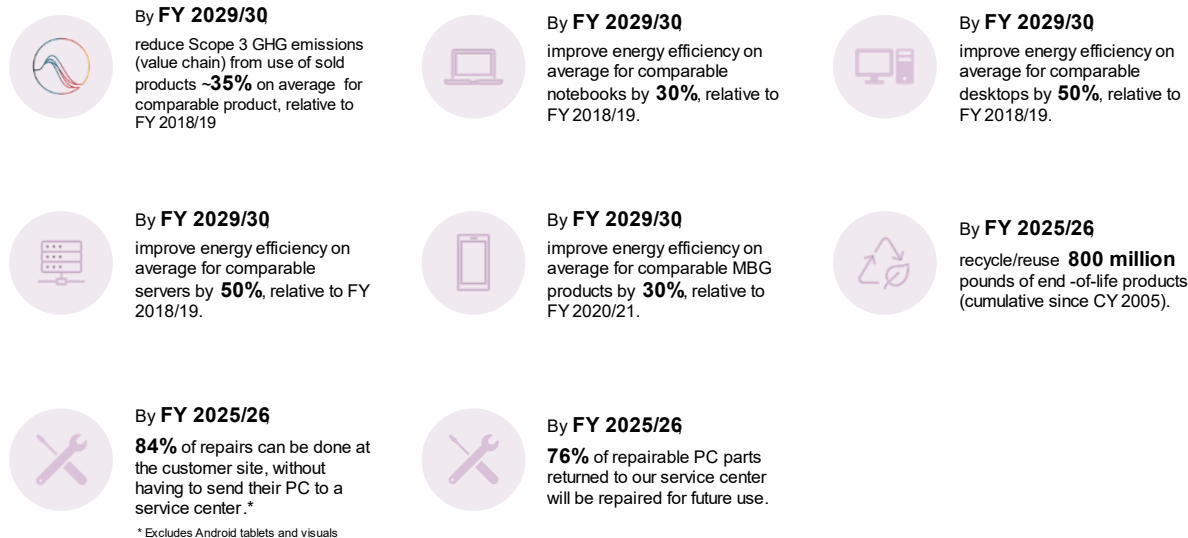


Figure 9. Lenovo's Climate Targets in Downstream Value Chain

Product efficiency

Product carbon footprint (PCF) is a credible source to provide information on product environmental impacts. Lenovo has been using the Product Attributes to Impact Algorithm (PAIA) tool to evaluate product life cycle emissions for many years⁶. Lenovo has acknowledged the limitations of streamlined lifecycle analysis (LCA) tools such as PAIA and continues to explore improvement opportunities. Lenovo is evaluating the feasibility of generating a full LCA study via a pilot program with a commercial PC platform for a selected product line. At the same time, Lenovo has its own internal LCA platform under development. This internal LCA platform will coordinate the data flow between internal systems, match the needs of business departments and supply chains, and reduce data security risks. In addition, the Lenovo developed database will be critical for improving carbon accounting and PCF calculations, which will support Lenovo's decarbonization strategy and product eco-design. Lenovo will conduct a comprehensive assessment on future transition to LCA and develop an appropriate plan for transition ([Lenovo's Product Carbon Footprint Strategy](#)).

Lenovo actively manages its response to ongoing energy-related regulatory activities such as updates to emerging protocols and regulations, and industry-related standards. In support of Lenovo'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. Additionally, Lenovo will keep driving innovative product energy management features which allow better control of PC and server power consumption, calculate energy savings, and report on the management of energy performance, IT equipment, and devices.

⁶ <https://msl.mit.edu/projects/paia/main.html>

Lenovo has demonstrated innovation with its industry-leading Lenovo Neptune™ direct warm water-cooled technology which provides over 95% heat removal efficiency. Direct water cooling (DWC) lowers power consumption by up to 40% using water circulated through the system to remove heat from the CPUs, memory, storage, PCIe and voltage regulation infrastructure. Energy Aware Runtime (EAR) and xClarity Energy Manager are software solutions that help minimize power consumption by optimizing power states, turning off unused devices, and routing workloads to the most appropriate systems. Neptune™ liquid cooling technology is available at every scale – meaning organizations of all sizes can extract powerful insights using high-performance computing and the underlying technologies. Lenovo will continue to support customers along their own sustainability journeys by providing server products and solutions that help lower carbon emissions, power consumption and water usage.

Circular economy

With a vision for a net-zero future, the transition to a circular economy is critical. Collaboration and credibility are important to Lenovo during its net-zero journey and advancing a circular economy. Lenovo'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.

Lenovo research team will keep exploring opportunities of introducing new recycled materials or increasing recycled content into products. The circular design decisions extend to its packaging as well. Lenovo will keep increasing its use of recycled fiber, recycled plastic and sustainable materials in packaging including bamboo, sugarcane, and sustainably forested fiber. Lenovo will continue optimizing the use of its products and parts, such as extending the life of its products by offering support and service options as well as other managed services. Lenovo will keep offering and expanding consumers and commercial customers product return programs to keep the products and materials in circulation. For example, Lenovo's Asset Recovery Services maximizes value of IT and enterprise hardware. Lenovo also offers consumer recycling programs in major markets.

Lenovo 360 Circle

The Lenovo 360 Circle aims to unify Lenovo's channel ecosystem around a common purpose: accelerate individual and collective impacts to solve the challenges humanity is facing. Through the Lenovo 360 Circle, Lenovo aims to develop a circular ecosystem partnership community to influence and support new market needs by 2025 while promoting the decarbonization of the global economy. The community views sustainability through the lens of corporate citizenship while determining their common goals within the frameworks of the SBTi and the UNGC SDGs.

Aligned with the UNGC engagement framework, partners are placed into 'Connect', 'Learn', and 'Lead' stages. Each stage represents the level of maturity of the organization's sustainability plans and actions. Depending on the stage, partners have access to a set of resources to support them in their journey. The resources are tailored to accelerate the impacts either internally via their own sustainability strategy and/or externally via the adoption of sustainability as a key pillar in sales.

Sustainability service innovation

Lenovo's Sustainability Services offerings include an opportunity for customers to conveniently purchase carbon offsets at point of sale of IT equipment with the goal to equalize estimated carbon footprint of the procured devices. The purchase of the carbon offsets supports environmental initiatives around the world such as renewable energy projects. Offset credits will not be used by Lenovo to achieve its net-zero targets, but this service enables customers to contribute environmental benefits to society.

In addition, Lenovo has piloted a sustainable aviation fuel service for a lower-carbon emissions option to air freight and plan to launch in the future to provide low emission transport service to customers.

Industry impact

As a leadership in information and communication technology (ICT) industry, Lenovo will continue driving improvement and development of climate relevant standard or guidelines, including technology, products, supply chain, and transportation. At the same time, Lenovo will increase external communication and keep sharing good practices with suppliers, customers, and peers since decarbonization requires a global effort.

Lenovo has been involved in over 200 ICT China national standards, including climate related standards. Through collaboration with the China Electronics Standardization Institute (CESI), academia and other representatives in industry, Lenovo has participated Green Supply Chain Management Specification for the Electronics Information Manufacturing Industry, to support green supply chain construction. Additionally, Lenovo has contributed to the development of Guidance on Life Cycle Assessment for Electrical and Electronic Products and Guideline of Conformity Assessment for Hazardous Substances in Electronic and Electrical Products.

Lenovo is also part of the standardization for low carbon manufacturing in China, serving as an industry representative to test and establish the group standard for the China Electronics Standardization Institute (CESI). Lenovo helped lead the industry toward sustainability by contributing to the drafting and formulation of the first zero-carbon factory standard for the ICT industry, launched in September 2022.

In addition, led by China Academy of Information and Communications Technology, China Mobile Research Institute, State Grid Zhejiang Electric Power, Lenovo, China Quality Certification Centre, and Sinochem, Trusted Blockchain: A Framework for Service Management Platform for Carbon Peaking and Carbon Neutrality (T/TBI 39-2023) has been released in 2023. This standard serves as a framework to develop a blockchain-based carbon peak and carbon neutrality management platform.

Lenovo is actively connecting with the logistics industry, sustainable logistics initiatives, government organizations and NGOs, such as Global Logistics Emission Council (GLEC), Green Freight Asia (GFA), Smart Freight Centre China and US Environmental Protection Agency (EPA) SmartWay program. Lenovo acts in a leading role in Smart Freight Alliance China, an organization that works with shippers to build a compliant, efficient, and sustainable China freight sector.

To help scale circular economy solutions in the IT industry, Lenovo joined the Circular Electronics Partnership to collaborate with the technology industry, suppliers, and stakeholders.

Social impact

Lenovo recognizes that climate change is leading to social impacts through increased extreme weather, exacerbated water scarcity, and biodiversity loss. Through technology application and the Lenovo Foundation, Lenovo is working with organizations addressing these issues.

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

Lenovo is committed to exploring ways that innovative technology can be used to help understand, celebrate, and protect biodiversity in the Yangtze River and beyond.

Moreover, Lenovo Group has strategic collaboration with Xining Wildlife Park, the only large wildlife park in Qinghai Province. Lenovo's "New IT" technology will underpin the digital solutions for biodiversity conservation on the "roof of the world", the Qinghai – Tibet plateau. These solutions will help build a wildlife reserve.

Lenovo Foundation has a global partnership with Wine To Water (WTW), a non-profit organization that provides access to clean drinking water and hygiene education to communities across the world. Lenovo's multi-year agreement provides financial support, as well as technology solutions in Nepal, Colombia, Tanzania, Dominican Republic, and North Carolina. Lenovo also invited a select group of employees to volunteer in the field to learn first-hand how Wine To Water is making a difference in communities. To help bring more awareness to WTW and its impact, Lenovo sponsored the production of Beyond Water, a documentary about Wine To Water's work and the power of clean water, featuring stories and footage from the service trips to Dominican Republic, Nepal, and the Amazon. Lenovo is promoting the [documentary](#) and is hosting screenings in his offices across the globe to increase awareness of Wine To Water and its mission of preserving life and dignity through the power of clean water.

Lenovo also responds to natural disaster through partners, including the American Red Cross, Jangala, and Wine To Water. The Lenovo Foundation contributes to the Red Cross's Red Cross View (RC View) software. The software enables the organization to make sure their staff and supplies are efficiently positioned around the country to be prepared for when natural disasters strike

The mission of the Lenovo Foundation is to empower underrepresented populations with access to technology and STEM education. In the future, Lenovo will explore opportunities to branch its mission into sustainability education a particularly for underprivileged communities who may not have access to such education.

Data and disclosure

Transparency and accountability are two key elements during our net-zero journey. Lenovo discloses annual progress towards climate targets in Lenovo's annual ESG report. The content of report is guided by the ESG Reporting Guide of The Stock Exchange of Hong Kong Limited (the Hong Kong Stock Exchange), the Global Reporting Initiative (GRI) Standards, and the needs of Lenovo's stakeholders. Accredited third parties have provided verification services for certain energy, GHG emissions, waste, and water data in the report ([ESG report](#)).

In addition, Lenovo discloses climate and water information via CDP each year. In 2022, Lenovo has been recognized for leadership in corporate sustainability by the global environmental non-profit CDP, securing recognition at the leadership level for its efforts to combat climate change and increase water security through business management and processes. As a leader, Lenovo received an 'A-' ranking from CDP in both climate change and water security areas of assessment and met or exceeded all industry benchmarks across areas of measurement ([CDP disclosure](#)).

Disclaimer

This Climate Transition Plan is continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Climate Transition Plan is based on current analysis of the circumstances including relevant risks and known uncertainties. The Climate Transition Plan is subject to change as we continue to adjust to/adapt to evolving future circumstances.