

Lenovo Group Limited

Type of Engagement: Annual Review

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Introduction

In July 2022, Lenovo Group Limited (“Lenovo”) developed the Lenovo Group Limited Green Finance Framework (the “Framework”) ¹ aimed at financing and refinancing projects related to i) Energy Efficiency, ii) Renewable Energy, iii) Green Buildings, iv) Circular Economy Adapted Products, Production and Processes, and v) Clean Transportation and subsequently issued a green bond of USD 625 million. In November 2022, Lenovo engaged Sustainalytics to review the projects funded with proceeds from the 2022 green bond and provide an assessment as to whether the projects met the Use of Proceeds criteria and the reporting commitments outlined in the Framework. Sustainalytics provided a second-party opinion² on the Framework in July 2022.

Evaluation Criteria

Sustainalytics evaluated the projects and assets funded with proceeds from the 2022 green bond based on whether the projects and programmes:

1. Met the use of proceeds and eligibility criteria outlined in the Lenovo Group Limited Green Finance Framework; and
2. Reported on at least one of the Key Performance Indicators (KPIs) for each Use of Proceeds category outlined in the Lenovo Group Limited Green Finance Framework.

Table 1: Use of Proceeds Category, Eligibility Criteria and Associated KPIs

Use of Proceeds Category	Eligibility Criteria	Key performance indicators (KPIs)
Renewable Energy	Investments related to the construction, operation, and procurement (long-term, project-tied power purchase agreements) of renewable energy sources: <ul style="list-style-type: none"> ▪ On-site or off-site solar energy projects ▪ Offshore and onshore wind energy ▪ Biofuels and biogas projects³ 	<ul style="list-style-type: none"> ▪ Annual renewable energy generation (MWh or GJ) ▪ Annual GHG emissions reduced/avoided (metric tonnes of CO₂ equivalent)
Green Buildings	Investments related to the construction, renovation, and retrofitting of new or existing buildings/facilities that have received at least one of the following third-party green building certifications: <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 	<ul style="list-style-type: none"> ▪ Number of green buildings constructed/renovated ▪ Area of green buildings built (square feet or square meters)

¹ The Lenovo Group Limited Green Finance Framework is available on Lenovo’s website at: <https://investor.lenovo.com/en/sustainability/green-finance-framework.pdf>

² Sustainalytics Second-party Opinion is available at Lenovo’s website at: <https://investor.lenovo.com/en/sustainability/second-party-opinion.pdf>

³ Lenovo commits to limit financing biofuels and biogas projects to those with a life cycle GHG emissions intensity below 100 gCO₂e/kWh. In addition, Lenovo will ensure that non-waste feedstocks are sustainably sourced using credible third-party certifications (i.e. Roundtable for Sustainable Biomaterials, ISCC EU/PLUS, 2BSvs, Round Table on Responsible Soy, BONSUCRO, FSC, PEFC), subject to exclusion of peat, palm oil, non-certified oil and energy crops. In addition, waste feedstocks projects will be limited to those using forestry and agricultural residues as feedstock, subject to exclusion of waste from non RSB- or RSP0-certified palm oil operations.

Issuing Entity’s Responsibility

Lenovo is responsible for providing accurate information and documentation relating to the details of the funded projects, including description of projects, amounts allocated and project impact.

Independence and Quality Control

Sustainalytics, a leading provider of ESG research and ratings, conducted the verification of use of proceeds from Lenovo’s Green bond. The work undertaken as part of this engagement included collection of documentation from Lenovo and review of said documentation to assess conformance with the Lenovo Group Limited Green Finance Framework.

Sustainalytics relied on the information and the facts presented by Lenovo. Sustainalytics is not responsible nor shall it be held liable for any inaccuracies in the opinions, findings or conclusions herein due to incorrect or incomplete data provided by Lenovo.

Sustainalytics made all efforts to ensure the highest quality and rigor during its assessment process and enlisted its Sustainability Bonds Review Committee to provide oversight of the review.

Conclusion

Based on the limited assurance procedures conducted,⁴ nothing has come to Sustainalytics’ attention that causes us to believe that, in all material respects, the reviewed projects do not conform with the use of proceeds and reporting criteria outlined in the Lenovo Group Limited Green Finance Framework. Lenovo has disclosed to Sustainalytics that the proceeds from the green bond were fully allocated as of October 2022.

Detailed Findings

Table 2: Detailed Findings

Eligibility Criteria	Procedure Performed	Factual Findings	Error or Exceptions Identified
Use of Proceeds Criteria	Verification of the projects funded with proceeds from the 2022 green bond to determine if projects aligned with the use of proceeds criteria outlined in the Lenovo Group Limited Green Finance Framework and above in Table 1.	All projects reviewed complied with the use of proceeds criteria.	None
Reporting Criteria	Verification of the projects funded with proceeds from the 2022 green bond to determine if the impact of projects was reported in line with the KPIs outlined in the Lenovo Group Limited Green Finance Framework and above in Table 1.	All projects reviewed reported on at least one KPI per use of proceeds category.	None

⁴ Sustainalytics limited assurance process includes reviewing the documentation relating to the details of the funded projects, including description of projects, estimated and realized costs of projects, and project impact, as provided by the Issuer, which is responsible for providing accurate information. Sustainalytics has not conducted on-site visits to projects.

Appendices

Appendix 1: Allocation Reporting by Eligibility Criteria

As of October 2022, Lenovo has allocated 100% of the net proceeds as follows: i) USD 8.1 million (1.3% of the proceeds) in the renewable energy category, and ii) USD 616.9 million (98.7% of the proceeds) in the green buildings category. The table below provides a detailed breakdown of the allocation of net proceeds.

Use of Proceeds Category	Name of Project	Type of Project	Property Location	Net Bond Proceeds Allocation (USD million)	Percentage of total Net Bond Proceeds (%)
Renewable Energy	North Carolina, USA	Solar Power	United States of America	8.1	1.3%
Green Building	Beijing Campus	Commercial development	China	384.6	61.5%
	Shenzhen New Headquarter	Commercial development	China	232.3	37.2%
Total Proceeds Allocated (USD)				625	100%
Total Proceeds Raised (USD)				625	-

Appendix 2: Impact Reporting

Use of Proceeds Category	Name of Project	Impact reported
Renewable Energy	North Carolina, USA	<ul style="list-style-type: none"> Solar energy generated annually:⁵ 3.24 MWh Annual GHG emissions avoided:⁶ 920 MT CO_{2e}
Green Building	Beijing Campus A	<ul style="list-style-type: none"> Green building certification: LEED - Gold Area of newly constructed green building: 1,239,332 sq ft.
	Beijing Campus B	<ul style="list-style-type: none"> Green building certification: LEED - Gold Area of newly constructed or renovated green building: 1,308,508 sq ft.
	Lenovo Shenzhen Houhai Project Tower 1	<ul style="list-style-type: none"> Green building certification: LEED - Gold Area of newly constructed green building: 863,265 sq ft.⁷
	Lenovo Shenzhen Houhai Project Tower 2	<ul style="list-style-type: none"> Green building certification: LEED - Gold Area of newly constructed green building: 538,195 sq ft.⁸

⁵ Lenovo collects the renewable energy production data in a software application on bi-annual base.

⁶ The emissions avoided by the renewable energy produced are calculated as per the US Environmental Protection Agency Emissions & Generation Resource Integrated Database (eGRID).

⁷ As the Shenzhen Headquarter is a joint venture project, the floor area only includes the Lenovo part.

⁸ Ibid

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