

California Climate Risk Disclosure Report

(Prepared exclusively to comply with California Health and Safety Code (HSC) §§
38533 Climate Related Financial Risk Disclosure Program requirements)

Lenovo Group Limited - FY2024/25 Reporting Period
Dec 2025



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About this report

This Lenovo climate-related financial risk report is generated from the [FY 2024/25 Lenovo ESG report](#). The content of the ESG report is guided by the then ESG Reporting Guide applicable to the company for FY 2024/25 (renamed as the ESG Reporting Code with effect from January 1, 2025) 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. The ESG 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 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.

Compliance statement

In accordance with California Senate Bill 261 (SB 261), codified in Health and Safety Code § 38533, Lenovo affirms its commitment to disclosing climate-related financial risks and the measures adopted to reduce and adapt to climate-related risk.

Covered entities

Lenovo confirms that its climate-related financial risk disclosures under HSC § 38533 are provided at the parent company level, covering all subsidiaries that meet the criteria of doing business in California (see below covered entities table). This approach is consistent with CARB’s guidance, which permits consolidated reporting to reduce duplicative compliance burdens.

Legal Entity Name
<ul style="list-style-type: none">Lenovo (United States) Inc.Motorola Mobility LLCLenovo Global Technology (United States) Inc.

Reporting framework

Lenovo has reported on climate-related financial risk disclosure consistent with the ESG Reporting Code as set out in Appendix C2 (Part D: Climate-related Disclosures) to the rules Governing the Listing Rules of Securities (Listing Rules) on The Stock Exchange of Hong Kong Limited (the Hong Kong Stock Exchange). Part D: Climate-related Disclosures requirements includes enhanced climate-related disclosures with reference to IFRS S2.

Disclosure status

Lenovo has compiled disclosures under the following pillars:

- Governance: Fully disclosed. Includes board oversight and management’s role in climate-related risk.

- Strategy: Fully disclosed. Material physical and transition risks identified; scenario analysis included as described in the report.
- Risk Management: Fully disclosed. Describes processes for identifying, assessing, and managing climate-related risks.
- Metrics and Targets: Fully disclosed. Scope 1, 2, and 3 emissions data included.

Future plans

The current disclosure is based on the best available information at the time of the report's publication. Disclosures in subsequent reports will reflect any improved reporting practices. Climate-related risks and opportunities assessment in this report are mainly discussed from a qualitative perspective due to resources available to quantify the impacts attributed only to climate change. Scenario analysis in this report is also at a qualitative level due to the tool limitations. Lenovo will continue to improve the processes and tools for climate-related risk assessment to meet different stakeholders' needs.

Reporting period and data source

This report covers the Fiscal Year (FY) 2024/25 (April 1, 2024 – March 31, 2025), using the most recent and best available data, consistent with CARB's guidance.

Public disclosure:

This report is publicly available at [Lenovo ESG Resources](#) website.

The location of this report has been submitted to CARB's public docket, as required.

Good faith compliance

Lenovo has made good faith efforts to comply with HSC § 38533 and will continue to enhance its climate risk disclosures in future reporting cycles.

Introduction

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). 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.

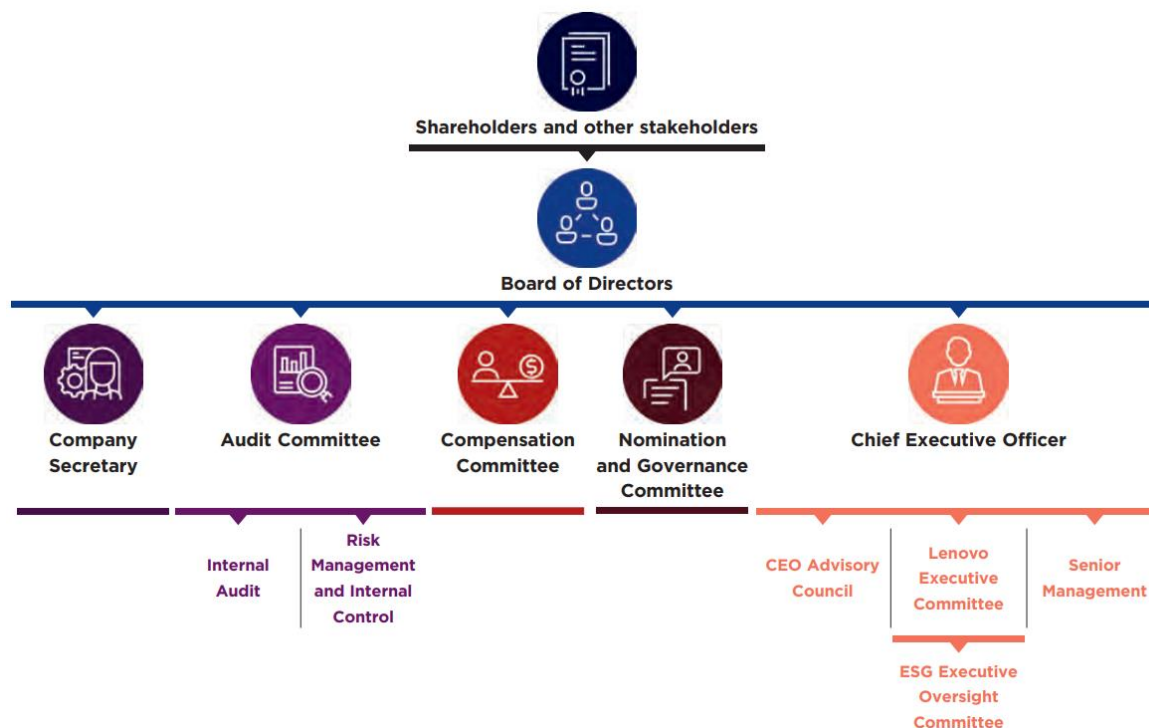
Lenovo is working both internally and externally to help minimize and mitigate climate risks. It is committed to reducing the global carbon footprint of its business activities and has demonstrated its commitment by:

- Implementing a corporate Climate and Energy Policy
- Executing a long-term comprehensive Climate Change Strategy aligned to validated Science Based Targets initiative (SBTi) net-zero targets
- Setting corporate-wide objectives and targets which support the above Policy and Strategy

Lenovo'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 Lenovo, 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 of Directors 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 Lenovo's ESG KPIs including Lenovo's climate strategy and progress towards its climate change mitigation goals.

Governance



The Board of Directors (the “Board”) has the highest level of oversight for ESG matters and reporting and manages this responsibility with support from various committees and the management of the Lenovo. The Board’s oversight of Lenovo’s ESG matters and processes includes support and evaluation of Lenovo’s management of and response to key ESG-related risks and opportunities including those related to climate change as applicable, in the context of strategy, decisions on major transactions, potential associated trade-offs, risk management policies, and long-term value-creation across its business operations.

ESG oversight is supported through the Nomination and Governance Committee, which develops and reviews 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 Lenovo’s resources, through oversight of the Internal Audit and Enterprise Risk Management (ERM) systems, both of which support overall ESG risk management practices. The Board, with support from the Audit Committee, has an annual review of the adequacy of resources, staff qualifications and experience, training programs, and budget related to Lenovo’s ESG performance and reporting. The 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), and the Board and its Committees to facilitate the Board’s annual review of ESG matters for compliance with relevant regulatory requirements. 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 Executive Oversight Committee (EOC), chaired by the Chief Legal & Corporate Responsibility Officer, provides strategic direction, and facilitates the coordination of ESG efforts across Lenovo, including proposing recommendations for the effective management of ESG risks and programs. The ESG EOC is comprised of senior management from across the business and functional areas who have an understanding of the impact of ESG-related risks on Lenovo's business operation model, address and monitor such risks as appropriate, and ensure ESG matters are considered as part of the business-decision making process.

Strategy

Lenovo has identified relevant climate-related physical and transition risks, and an opportunity through its risk management practices including the use of a climate-related scenario analysis. Lenovo also has a climate transition plan in response to climate-related risks and opportunities. View [here](#) for Lenovo's most recent climate transition plan.

Lenovo performed exploratory scenario analysis using the GeSI-CDP Scenario Analysis Toolkit which is based on TCFD's requirements and guidance. Lenovo selected four climate scenarios shown below. The 1.5°C or lower scenario aligns with the Paris Agreement, which is the latest international agreement on climate change.

The inputs and approach of the climate-related scenario analysis are as follow:

Scope of analysis

Company-wide scope

Scenarios used and sources – Physical and transition risks

- 1.5°C or lower: IPCC Report on 1.5°C and SSP1 2°C – 2.4°C: IEA 450 and RCP 2.6-4.5
- 2.5°C – 2.9°C: IEA INDC Scenario and RCP 6
- 4.0°C or above: IEA WEO New Policies and RCP 8.5.

The scenarios developed take references from IPCC and IEA. The scenarios ranging from relatively aggressive to conservative climate mitigation assumptions help Lenovo assess the level of impact from physical and transition risks, and support Lenovo's future strategic planning. For the temperature alignment of 1.5°C or lower scenario, it is aligned with Lenovo's 2050 net-zero target, and its business strategy and financial planning.

Time horizons

- Short term: 0-1 year
- Medium term: 2030
- Long term: from 2050

The time horizons align with Lenovo's strategic planning, taking into account Lenovo's financial planning and SBTi targets.

Assumptions

Analysis conducted in FY 2024/25, with no expected significant changes to business operations over the time horizons above. Key assumptions made in each scenario analysis and areas of uncertainty related to each time horizon include emissions level, physical impact, global policy response, technological impacts, population, economics, carbon price, energy demand, energy mix, and technology investment.

The identified climate-related risks and opportunity are as follows:

Risk: Non-compliance with legislation

Lenovo identified non-compliance with legislation as a climate-related transition risk in the medium term. The risk is more prominently associated with product and reporting non-compliance. Expanding and rapidly evolving environmental regulations requiring additional management, tracking, and reporting of climate-related information may lead to increased stress on existing resources and rising expenses. The potential added operational and financial burden may indirectly increase the risk of inadvertent non-compliance with legislation. Lenovo has multiple mechanisms in place to address this risk including robust corporate governance such as ESG governance, product quality management practices, and risk management and internal control processes. Details can be viewed here:

- Management's discussion & analysis on legal, regulatory, and compliance risk, and corporate governance report in [FY 2024/25 Lenovo Annual Report](#)
- Product quality management in [FY 2024/25 Lenovo ESG report](#)
- ESG governance in [FY 2024/25 Lenovo ESG report](#)

For the current year, expenses related to addressing this risk were incurred included costs related to participation in trade organizations that help track emerging ESG regulations and engaging external consultancies. These expenses pertained to various environmental matters in addition to climate change. As such, the financial impact directly tied to addressing this risk was not quantifiable. Lenovo continues to refine its ability to separately track expenses more directly attributable to addressing climate-related risks. These expenses are vulnerable to change, and the likelihood and magnitude of change could be influenced by multiple factors including increasing regulatory requirements and evolving consumer preferences.

Risk: Changing customer behavior

Opportunity: Develop new products and services through R&D and innovation

Lenovo identified changing customer behavior as a climate-related transition risk in the short term. Lenovo recognizes risks associated with climate-related effects on broad-based economic considerations including product demand, pricing, and consumer spending. Lenovo observed customer behavior changes toward more environmentally conscious products. Not taking into consideration these customer behavior changes in product and service development process could potentially lead to risks such as decreased revenue or lowered demand of Lenovo products.

Corresponding to the aforementioned risk, Lenovo identified development of new products and services as a climate-related opportunity in the short term. Lenovo recognizes an opportunity in

changes to product efficiency regulations and standards driven by climate aspects. Lenovo expects that more regulations on energy efficiency will be developed worldwide as more countries take action on climate change and address energy resiliency needs. Lenovo's historical and continued focus on product and operations energy efficiency provides a positive product differentiator in a regulatory environment that increasingly values these attributes.

Lenovo has multiple mechanisms in place to address this risk and opportunity including innovating and embedding environmental considerations in its products. Details can be viewed here:

- Innovation in [FY 2024/25 Lenovo ESG report](#)
- Environmentally conscious products in [FY 2024/25 Lenovo ESG report](#)

For the current year, expenses related to addressing this risk and opportunity were incurred including costs related to obtaining eco-labels and certifications such as EPEAT, TCO Certified, and ENERGY STAR®.

The expenses were not separately identifiable to this climate-related risk and opportunity specifically as they were not solely related to nor attributable to responding to the risk and opportunity. As such, the financial impact directly tied to addressing this risk and opportunity were not quantifiable. These expenses are aligned with the identified opportunity and are vulnerable to change. The change and its likelihood and magnitude could be influenced by multiple factors including emerging standards, available and obtainable certifications, and evolving stakeholder expectations and preferences.

Risk: Severe weather events

Lenovo identified severe weather events as an acute climate-related physical risk in the medium term. The majority of Lenovo's suppliers have operations within China, therefore, inherent climate risks in these basins across China present potential risk to supplier operations. Depending on the severity and location of an extreme weather event, it could impact Lenovo's supply chain and production capacity by causing delays or decreases in component supply for Lenovo products. Lenovo has multiple mechanisms in place to address this risk including implementing efforts that specifically address supply chain resilience and managing supply or production geographical concentration. Details can be viewed here:

- Supply chain resilience in [FY 2024/25 Lenovo ESG report](#)
- Management's discussion & analysis on operational risks in [FY 2024/25 Lenovo Annual Report](#)

For the current year, approximated flood insurance premium expenses of \$400,000, representing less than 0.5 percent of total administrative expenses, were incurred related to this risk. Flood insurance premium expenses are vulnerable to change. The change and its magnitude and likelihood could be influenced by multiple factors including varying risk exposure and change in frequency and severity of extreme weather.

Overall current and anticipated impacts

The aforementioned current and anticipated impacts of identified risks and opportunity are considered a part of normal business operations and are expected to remain stable, Lenovo does not expect nor is aware of any relevant significant changes in the short, medium, and long term, to its financial position, financial performance, and cash flows including investment and disposal plans, and Lenovo's strategy related thereto. Lenovo's ongoing efforts including financial resources towards developing more sustainable products, building and maintaining a robust and resilient supply chain, ensuring a business continuity plan is in place, and monitoring emerging regulations are a part of usual business with no separately identifiable portion allocated to addressing climate-related risks and opportunities specifically.

Risk management

The significant risks associated with climate change 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 climate-related risks and opportunities assessment.

These two processes are connected, meaning that if climate change risks are identified in the global risk registration, they are considered in the climate-related risks and opportunities assessment – 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 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 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.
- Lenovo's climate-related risks and opportunities assessment evaluates and prioritizes physical and transition risks and opportunities related to climate change. This process is managed by Lenovo's Global ESG team, and more details about the process are available in Lenovo's responses to the most recent [CDP questionnaire](#). The results are integrated into the aforementioned risk management process.

Lenovo's climate risk assessment in FY 2024/25 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 Lenovo, however, the impact of opportunities under 1.5° C scenario is positive and much higher if Lenovo is proactive in exploring climate-related opportunities, including new products such as sustainability services offered to customers. Therefore, Lenovo has committed to reduce 90% of Scope 1, 2, and 3 scope emissions to keep global warming potential within 1.5° C and continues to broaden its product offerings in sustainability services and other areas.






Metrics and targets

Lenovo 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. Lenovo 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, Lenovo'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, Lenovo announced its SBTi validated target to reach net-zero greenhouse gas (GHG) emissions by 2050. Lenovo's net-zero target is to achieve a 90 percent reduction across Scope 1, 2, and 3 emissions. Lenovo 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. Lenovo'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, Lenovo is taking a scientific, collaborative, and accountable approach to reducing emissions. Aligning goals to the SBTi helps hold companies accountable for their emissions reduction. Without aligning to SBTi, it is difficult to validate or know when a net-zero target is reached.

These targets have a base year of FY 2018/19, near-term target year of FY 2029/30, and long-term net-zero target year of FY 2049/50. The following table details Lenovo's Science-Based Targets, road maps for their achievement, and progress against the targets in FY 2024/25.

LENOVO EMISSIONS REDUCTION NEAR-TERM TARGETS	ROAD MAP	STATUS AS OF FY 2024/25 BASE YEAR: FY 2018/19	FY 2029/30 TARGET
 <p>Reduce absolute Scope 1+ Scope 2 GHG emissions (related to Lenovo's operations) by 50%</p>	<p>Hierarchical combination of energy efficiency, on-site renewable energy generation, and renewable energy commodities</p>	<p>On-Track</p>	<p>- 50%</p>
 <p>Reduce Scope 3 GHG emissions (value chain) from use of sold products 35% on average for comparable products</p>	<p>Reduce product emissions through energy efficiency improvements, engaging customers to use more renewable energy</p>	<p>On-Track *</p>	<p>- 35%</p>
 <p>Reduce Scope 3 GHG emissions (supply chain) from purchased goods and services 66.5% per million US\$ gross profit</p>	<ul style="list-style-type: none"> • Inclusion of climate change requirements in Supplier Code of Conduct • Supplier climate data collected annually from subset of suppliers • Climate change KPIs included in supplier ESG scorecards (evaluation process) • Expand supplier program to greater number of suppliers/ data capabilities and SBTi level of commitment 	<p>On-Track *</p>	<p>- 66.5%</p>
 <p>Reduce Scope 3 GHG emissions from upstream transportation and distribution by 25% per tonne-km of transported product</p>	<ul style="list-style-type: none"> • Modal shift to lower carbon modes of transport • Optimization of transport planning • Increase of vehicle utilization • Improvement of vehicle fuel efficiency 	<p>On-Track *</p>	<p>- 25%</p>
LENOVO EMISSIONS REDUCTION LONG-TERM TARGETS	ROAD MAP	STATUS AS OF FY 2024/25 BASE YEAR: FY 2018/19	FY 2049/50 TARGET
 <p>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</p>	<p>Above concepts continue to drive energy efficiency at Lenovo sites and of products, and to expand supplier program.</p>	<p>On-Track *</p>	<p>- 90%</p>

* *Lenovo 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 2025/26 ESG Report, overall supporting data and target status will reflect any improved input data.*

Lenovo's energy, GHG emissions (Scope 1 and 2) are externally verified to a reasonable level of assurance. Lenovo's GHG emissions (Scope 3) data is externally verified to a limited level of assurance. The FY 2024/25 Verification Statements for GHG emissions can be viewed [here](#). Lenovo's gross GHG emissions can be viewed in the following table.

Environmental data – GHG Emissions

Greenhouse Gas (GHG) emissions (metric tons CO ₂ equivalent – MT CO ₂ e) ¹					
FY	2020/21	2021/22	2022/23	2023/24	2024/25
Total GHG emissions by scope					
Scope 1	7,269	6,069	6,303	4,969	5,849
Scope 2 (location-based)	177,678	191,778	202,440	196,859	174,862
Scope 2 (market-based)	21,519	21,160	19,540	17,997	12,409
Scope 1 and Scope 2 (location-based)	184,947	197,847	208,742	201,828	180,710
Scope 3	23,966,561	17,422,913	18,741,480	15,100,063	17,731,678
Scope 3 upstream categories	8,112,061	8,971,913	10,133,480	7,844,595	7,311,163
Scope 3 downstream categories	15,854,500	8,451,000	8,608,000	7,255,468	10,420,515
GHG emissions intensity (metric tons per US\$ million revenue)					
Scope 1 and 2 (location-based)	3.04	2.76	3.37	3.55	2.62
Scope 3 emissions by category					
Purchased goods and services	6,495,779	7,798,826	8,662,378	6,507,693	5,973,381
Capital goods	736,500	360,000	833,800	863,700	880,586
Fuel- and energy-related activities (not included in Scope 1 or 2)	11,050	12,000	12,924	12,700	8,616
Upstream transportation and distribution	815,262	737,979	538,156	360,152	348,268
Waste generated in operations	1,770	1,810	1,808	2,135	1,864
Business travel	11,900	20,255	38,846	41,630	43,241
Employee commuting	39,800	41,043	45,568	56,585	55,207
Use of sold products	15,551,000	8,270,000	8,451,000	7,131,203	10,267,528
End-of-life treatment of sold products	303,500	181,000	157,000	124,265	152,987
Scope 3 emissions – Product transportation by transportation mode (MT CO₂e)²					
Air	744,009	657,882	477,172	312,443	309,117
Rail	14,702	5,623	332	261	179
Inland waterways	n/a	n/a	n/a	n/a	n/a
Roadways	45,071	67,091	51,426	30,887	14,246
Sea	11,480	7,383	8,516	16,561	24,726
Reported incident					
Number of reported incidents of refrigerant releases					0

¹ Totals may differ from exact sums of individual figures due to rounding.

² This metric includes warehouse emissions starting from FY 2023/24.