

W0. Introduction

W0.1

(W0.1) Give a general description of and introduction to your organization.

Lenovo (HKSE: 992) (ADR: LNVGY) is a multinational technology company, with approximately 63,000 employees all over the world doing business in more than 180 markets for customers that are as diverse and global as we are. Focused on our bold vision called Smarter Technology for All, we are developing world-changing technologies that create a more inclusive, trustworthy and sustainable digital society. Therefore, protecting our planet and actively searching for new ways to reduce Lenovo's impact and contribute to global change for good continues to be among our top priorities.

Lenovo recognizes that water is a vital and shared resource and that water risks to businesses and communities will continue to increase as the global population grows and climate change affects the distribution and availability of water. While Lenovo has no significant wet processes, Lenovo is committed to continuing to provide adequate Water Access, Sanitation, and Hygiene (WASH) services for the company's nearly 63,000 employees in our workspaces around the world. Furthermore, Lenovo recognizes the importance of adequate quantities of sufficient quality water to their supply chain partners, including those with wet processes such as the semiconductor industry. Given this, Lenovo maintains operational control of water use in our own operations while striving to improve water use efficiency in an effort to minimize impacts to surrounding watersheds. We are also committed to further study to better understand the current and future water risks within our direct operations and value chain.

Lenovo's corporate policy on environmental affairs is supported by the company's ISO 14001 certified global Environmental Management System (EMS), which is key to our efforts to achieve results consistent with environmental leadership and ensures the company is vigilant in protecting the environment across all of our operations worldwide. As part of Lenovo's EMS, water use is tracked for the most critical locations wherever feasible and an annual global water target is set. Lenovo also collects water use data from our key suppliers and includes this information on the suppliers' overall scorecards which are used to inform future business decisions. Additionally, Lenovo has begun analyzing local water risks across our footprint using publicly available water risk tools and supporting this with actual experiences through an annual survey of the Environmental Focal Points for manufacturing and R&D sites about water risks and opportunities. Lenovo has undertaken these activities to better position the company to navigate the growing water crisis and promote adequate clean water access for all. Lenovo recognizes the need to proactively mitigate water risks and foster water resiliency, and that this will require cross-sectoral cooperation and collaboration. As a next step, Lenovo has begun to research potential collective action platforms in this area.

W0.2

(W0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date
Reporting year	April 1 2019	March 31 2020

W0.3

(W0.3) Select the countries/areas for which you will be supplying data.

- Australia
- Brazil
- Canada
- China
- France
- Germany
- India
- Japan
- Malaysia
- Mexico
- Romania
- Russian Federation
- Slovakia
- Taiwan, Greater China
- United Arab Emirates
- United Kingdom of Great Britain and Northern Ireland
- United States of America

W0.4

(W0.4) Select the currency used for all financial information disclosed throughout your response.

USD

W0.5

(W0.5) Select the option that best describes the reporting boundary for companies, entities, or groups for which water impacts on your business are being reported.

Companies, entities or groups over which operational control is exercised

W0.6

(W0.6) Within this boundary, are there any geographies, facilities, water aspects, or other exclusions from your disclosure?

Yes

W0.6a

(W0.6a) Please report the exclusions.

Exclusion	Please explain
Facilities - Two research and development (R&D) sites and four large offices.	Lenovo strives to measure or estimate water use at all our manufacturing, R&D, and large office sites; however, there were two R&D and four large offices sites that are unable to report water data in FY19/20 and, therefore, are excluded from our disclosures. Site specific challenges exist at these locations that prevented the collection and sharing of this information (such as being leased spaces within larger industrial/office parks where such data is not shared by the water utility or landlord and/or spaces where WASH facilities are shared with non-Lenovo employees in the same building complex). Lenovo is always striving to reduce such exclusions from manufacturing, R&D and large office sites and will continue to try to obtain direct measurements or robust estimations for these locations. This exclusion represents approximately 3% of Lenovo's global employee headcount.
Facilities - 137 small office locations and retail locations.	Lenovo defines small offices as offices with less than 100 employees. Lenovo operates 144 small offices. For small offices, since water use is quite small and the data is difficult to obtain (Lenovo may not be metered uniquely by the landlord for some small offices and often small offices share WASH services with other building tenants), Lenovo does not require the collection and reporting of water use data. Seven small offices voluntarily reported water withdrawals and are included in our disclosure but the remaining 137 small offices did not have or did not report water usage data and are therefore excluded from this disclosure. Lenovo operates some retail locations in Asia. Similar to small offices locations, water data is not collected at these locations and, therefore, these locations are excluded from our disclosure. This exclusion represents approximately 7% of Lenovo's global employee headcount.
Activities - Rainwater collection.	Some Lenovo locations collect rainwater; however, the volume collected and used is not measured and reported and, therefore, rainwater is not included in this disclosure. It is estimated that rainwater collection makes up a very small percentage of water use (well under 5% globally).
Activities - Dormitories	Lenovo operates employee dormitories at two manufacturing facilities. Water use at the two Lenovo-operated dormitories are excluded from all our company wide monitoring and thus are excluded from our disclosures except when discussing WASH services.

W1. Current state

W1.1

(W1.1) Rate the importance (current and future) of water quality and water quantity to the success of your business.

	Direct use importance rating	Indirect use importance rating	Please explain
Sufficient amounts of good quality freshwater available for use	Important	Important	While Lenovo has no significant wet processes within direct operations, Lenovo is committed to continuing to provide Water Access, Sanitation, and Hygiene (WASH) services in the workplace for the nearly 63,000 employees around the world and, therefore, considers access to adequate quality and quantities of water important to support our direct operations. Water is also used for building cooling and for landscape maintenance at some locations within the company. Lenovo anticipates the future dependency in direct operations to remain constant; although the company will continue to experience organic growth, an annual target to keep water use within +/-5% will guide the company's dependence on freshwater within direct operations to stay relatively steady even as total employee headcount increases. If access to freshwater water became an issue, Lenovo may experience higher water costs, have to get water trucked to sites, or have to implement work from home requirements to ensure employees have WASH services during the workday. Lenovo recognizes the importance of sufficient amounts of high quality water within their supply chain. Lenovo's products rely on semiconductors which require large volumes of Ultra-Pure Water (UPW) during production. If access to sufficient quantities and quality water were disrupted for upstream semiconductor manufacturers, Lenovo's operations could in turn be affected. Lenovo considers such indirect freshwater dependence important because, although freshwater is required for some wet processes within the supply chain, Lenovo believes diversification can help mitigate the risks. The importance of freshwater in Lenovo's supply chain is expected to remain steady or possibly decrease as more pressure is put on supply chain partners to incorporate water conservation and recycling practices and more innovative processes are developed.
Sufficient amounts of recycled, brackish and/or produced water available for use	Important	Important	Lenovo currently uses small volumes of recycled water for domestic and landscaping purposes at locations where this option is available. Lenovo recognizes use of recycled water as an important aspect to reducing our water risk exposure and impact on water resources. Without the ability to continue to incorporate recycled water into Lenovo's water use, water withdrawals via municipal water purchases would have to increase at the detriment to Lenovo's overall water security. Lenovo expects future dependence of recycled water to remain steady or possibly increase as the company encounters future opportunities to expand the use of recycled water at their facilities. Lenovo asks supply chain partners to report total water withdrawals and total recycled water volumes. Through this data collection from our supply chain partners, Lenovo knows that the company's supply chain benefits from the use of recycle water. Without access to recycled water, our supply chain partners water withdrawals would also increase to compensate which would indirectly affect Lenovo's overall water security; therefore, Lenovo considers the indirect dependence on recycled water to be important. In the future, indirect dependence on recycled water should remain the same or possibly increase as more of our supply chain partners incorporate the use of recycled water.

W1.2

(W1.2) Across all your operations, what proportion of the following water aspects are regularly measured and monitored?

	% of sites/facilities/operations	Please explain
Water withdrawals – total volumes	100%	Water withdrawals are measured or estimated for all sites in our reporting boundary as specified in Section 0; see responses to W0.5 and W0.6a for details on reporting boundary and exclusions. Water is measured directly by meters wherever possible. Where a facility does not have a dedicated meter or isn't directly invoiced, volumes are estimated based on water withdrawals for the larger building and % of building occupied by Lenovo employees. Lenovo tracks this data using Credit 360 Sustainability Software (Cr360). The frequency of individual site data collection usually corresponds to the frequency the utility invoices, usually monthly. Then semi-annually, the monthly data goes through two internal reviews. Annually, this data is audited by a third party. For FY19/20, the third party was TÜV SÜD.
Water withdrawals – volumes by source	76-99	Withdrawal sources are indirectly monitored for a majority of sites in our reporting boundary because all sites tracking water withdrawal volumes (see response above) must provide supporting material (invoices, meter readings, estimation calcs) which usually indicate the source; the vast majority of withdrawals are sourced from third parties. Please see responses to W0.5 and W0.6a for details of the reporting boundary and exclusions. Water is measured directly by meters wherever possible. Where a facility does not have a dedicated meter or isn't directly invoiced, volumes are estimated. Lenovo tracks this data using Cr360. The frequency of individual site data collection usually corresponds to the frequency the utility invoices, usually monthly. Then semi-annually, the monthly data goes through two internal reviews. Annually, this data is audited by a third party. For FY19/20, the third party was TÜV SÜD.
Entrained water associated with your metals & mining sector activities - total volumes [only metals and mining sector]	<Not Applicable>	<Not Applicable>
Produced water associated with your oil & gas sector activities - total volumes [only oil and gas sector]	<Not Applicable>	<Not Applicable>
Water withdrawals quality	26-50	Lenovo's primary water source is through third parties where water has already been treated to local standards and, therefore, water withdrawals quality is not a relevant aspect for all Lenovo sites to regularly measure and monitor. Some Lenovo locations do perform regular water quality testing of incoming water including treated water from third parties, but this is not tracked at a corporate level. Those that do monitor quality may measure different parameters at different frequencies according to local context.
Water discharges – total volumes	76-99	Water discharges are measured or estimated for all sites in our reporting boundary as specified in Section 0; see responses to W0.5 and W0.6a for details on reporting boundary and exclusions. Discharges are measured directly by meters if possible. Where not measured by meters, discharges are estimated as 90-100% of withdrawals. Lenovo tracks this data using Cr360. The frequency of individual site data collection corresponds to the frequency the water utility invoices, usually monthly. Then semi-annually, the monthly data goes through two internal reviews. Annually, this data is audited by a third party. For FY19/20, the third party was TÜV SÜD.
Water discharges – volumes by destination	76-99	Discharge destinations are indirectly monitored for a majority of sites in our reporting boundary because all sites tracking water discharge volumes (see response above) are asked to provide supporting material (invoices, meter readings, estimation calcs) which usually indicate a third-party destination. Please see responses to W0.5 and W0.6a for details of the reporting boundary and exclusions. Discharges are measured directly by meters if possible. Where not measured by meters, discharges are estimated as 90-100% of withdrawals. Lenovo tracks this data using Cr360 where the third-party invoices are uploaded as support. The frequency of individual site data collection corresponds to the frequency the water utility invoices, usually monthly. Then semi-annually, the monthly data goes through two internal reviews. Annually, this data is audited by a third party. For FY19/20, the third party was TÜV SÜD.
Water discharges – volumes by treatment method	Not monitored	In FY19/20, Lenovo did not collect information on the levels and methods used by the third parties who collect a majority of our discharges. At some of our facilities, canteen water passes through a grease trap on site before being collected by third-party for additional transport, treatment, and discharge.
Water discharge quality – by standard effluent parameters	1-25	Lenovo has not found global quality sampling of water discharges relevant at this time. Given that Lenovo's main water use is for WASH services, building cooling, and landscape maintenance and not in any wet processes with hazards chemicals, Lenovo's effluents are assumed to have the quality characteristics of typical domestic sewage. Where required, effluents are tested per local standards before being collected by third parties for additional transport, treatment, and discharge.
Water discharge quality – temperature	Not relevant	Lenovo has not found temperature measurements of water discharges relevant at this time. Given that Lenovo's main water use is WASH services, building cooling, and landscape maintenance and not in any high heat processes, Lenovo's water discharges are assumed to be within ambient temperature ranges. Lenovo does not anticipate this becoming a relevant aspect in the future because, at this time, Lenovo does not plan to begin any high heat processes.
Water consumption – total volume	76-99	Water consumption by total volume can be regularly calculated based on Lenovo's withdrawal and discharge volumes which are regularly measured or estimated according to the details above. Because monthly water withdrawal and discharge data is collected in Cr360, consumption volumes can be calculated monthly. Because some locations are excluded from the withdrawal and discharge reporting, the same exclusions apply to consumption as well. Please see responses to W0.5 and W0.6a for additional details of the reporting boundary and exclusions. Lenovo's water consumption is mainly from human consumption.
Water recycled/reused	76-99	Water recycling volumes are measured or estimated for the majority of our operations. Please see responses to W0.5 and W0.6a for details of the reporting boundary and exclusions. Water is measured directly by meters wherever possible. Where a facility does not have a dedicated meter, estimates may be used. Lenovo tracks this data using Credit 360 Sustainability Software (Cr360). The frequency of individual site data collection is usually monthly. Then semi-annually, the monthly data goes through two internal reviews. In FY19/20, five locations reported using recycled water in Cr360.
The provision of fully-functioning, safely managed WASH services to all workers	100%	Lenovo provides fully functioning, safely managed WASH services at all company facilities. WASH services are managed and monitored internally by local real estate teams and externally employee access to WASH services is verified through annual RBA audits. Of note on this topic, Lenovo operates employee dormitories at two manufacturing locations. Through these dormitories, Lenovo recognizes a greater responsibility to employee WASH services and ensures all employees have access to WASH services both on the job and within the dormitories. The dormitories are included in our RBA program and audits.

W1.2b

(W1.2b) What are the total volumes of water withdrawn, discharged, and consumed across all your operations, and how do these volumes compare to the previous reporting year?

	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Total withdrawals	1307	Lower	There was an approximately 6% decrease from 1391.3 to 1,307.0 megaliters between FY18/19 and FY19/20. This decrease is likely due to large number of employees working from home during the Covid-19 pandemic as well as some site-specific efforts to promptly repair leaks and raise awareness of water conservation among employees. Lenovo anticipates withdrawals to slightly increase along with our operations and employee population for the next several years. Annually, this data is audited by a third party. For FY19/20 the third party was TÜV SÜD.
Total discharges	1183	Lower	There was an approximately 6% decrease from 1256.4 to 1,183.0 between FY18/19 and FY19/20. This decrease is likely due to large number of employees working from home during the Covid-19 pandemic as well as some site-specific efforts to promptly repair leaks and raise awareness of water conservation among employees. Lenovo anticipates discharges to slightly increase along with our operations and employee population for the next several years. Annually, this data is audited by a third party. For FY19/20 the third party was TÜV SÜD.
Total consumption	124	Lower	Total consumption is the difference between total water withdrawals and total discharges. There was an approximately 8% decrease from 134.9 to 124.0 between FY18/19 and FY19/20. This decrease is likely due to large number of employees working from home during the Covid-19 pandemic. Consumption is anticipated to slightly increase with our operations and employee population for the next several years.

W1.2d

(W1.2d) Indicate whether water is withdrawn from areas with water stress and provide the proportion.

	Withdrawals are from areas with water stress	% withdrawn from areas with water stress	Comparison with previous reporting year	Identification tool	Please explain
Row 1	Yes	11-25	This is our first year of measurement	WRI Aqueduct	In two previous years, Lenovo has partnered with Duke University to have Duke Master students evaluate Lenovo's water use and water risks. This year is the first year Lenovo has monitored withdrawals from stressed areas internally and plans to continue monitoring annually. The primary tool Lenovo used to map their withdrawals from water stressed areas was WRI Aqueduct 3.0. WWF Water Risk Filter was then used to complement the information obtained via WRI Aqueduct 3.0. The water risk identification tools and the approximate latitude and longitude of all the Lenovo's active manufacturing, research and development, large office locations were used to determine the ratings for various water risk indicators at these Lenovo operations. Lenovo considers facilities to be in "water-stressed areas" if they are in basins rated as "High" or "Extremely high" for baseline water stress according to WRI Aqueduct (in accordance with GRI 303 2018's guidance on water stressed areas). 5 out of our 12 manufacturing and 4 out of our 17 R&D sites operate in water-stressed areas. 9 out of 26 large offices operate in water-stressed areas. Collectively, these sites in water stressed areas withdrew approx. 321 megaliters for FY19/20.

W1.2h

(W1.2h) Provide total water withdrawal data by source.

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Fresh surface water, including rainwater, water from wetlands, rivers, and lakes	Not relevant	<Not Applicable>	<Not Applicable>	This source is not relevant because Lenovo does not directly withdraw water from any fresh surface water source. We do not expect future volumes from this source to change as Lenovo receives almost all water from third party sources and plans to continue to do so. As mentioned as an exclusion in W0.6a, Lenovo does have some sites collecting rainwater in addition to obtaining water from a third party source; rainwater volumes are not measured as they are expected to represent a very minor amount of total water use (<5%).
Brackish surface water/Seawater	Not relevant	<Not Applicable>	<Not Applicable>	This source is not relevant because Lenovo does not directly withdraw water from any brackish or sea water source. We do not expect future volumes from this source to change as Lenovo receives almost all water from third party sources and plans to continue to do so.
Groundwater – renewable	Relevant	5.75	Higher	This source is relevant because one of our large office sites in Brazil operates a groundwater well. We expect future volumes from this source to change as one of Lenovo's manufacturing sites in India is planning to begin operating a groundwater well in FY 20/21.
Groundwater – non-renewable	Not relevant	<Not Applicable>	<Not Applicable>	This source is not relevant because Lenovo does not directly withdraw water from any groundwater source known to be non-renewable. We do not expect future volumes from this source to change as Lenovo receives almost all water from third party sources and plans to continue to do so.
Produced/Entrained water	Not relevant	<Not Applicable>	<Not Applicable>	This source is not relevant because Lenovo does not produce water or extract entrained water. We do not expect future volumes from this source to change as Lenovo has no plans to undertake any activities that would produce or extract entrained water and Lenovo receives almost all water from third party sources and plans to continue to do so.
Third party sources	Relevant	1301.25	Lower	This source is relevant because almost all water Lenovo receives is from third party sources. There was an approximately 6% decrease in this volume from 1385.65 to 1,301.25 megaliters between FY18/19 and FY19/20. This decrease is likely due to large number of employees working from home during the Covid-19 pandemic as well as some site-specific efforts to promptly repair leaks and raise awareness of water conservation among employees. Lenovo anticipates withdrawals to slightly increase along with our operations and employee population for the next several years.

W1.2i

(W1.2i) Provide total water discharge data by destination.

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Fresh surface water	Not relevant	<Not Applicable>	<Not Applicable>	This destination is not relevant because Lenovo does not discharge any water directly to fresh surface water. We do not expect future volumes to this destination to change as Lenovo discharges primarily to third party wastewater collection systems and stormwater conveyance systems and plans to continue to do so.
Brackish surface water/seawater	Not relevant	<Not Applicable>	<Not Applicable>	This destination is not relevant because Lenovo does not discharge any water directly to brackish surface water or seawater. We do not expect future volumes to this destination to change as Lenovo discharges primarily to third party wastewater collection systems and stormwater conveyance systems and plans to continue to do so.
Groundwater	Not relevant	<Not Applicable>	<Not Applicable>	This destination is not relevant because Lenovo does not directly discharge any water directly to groundwater. We do not expect future volume to this destination to change as Lenovo discharges primarily to third-party wastewater collection systems and stormwater conveyance systems and plans to continue to do so.
Third-party destinations	Relevant	1183	Lower	This destination is relevant because Lenovo's water discharges are primarily to third-party wastewater collection systems and stormwater conveyance systems. There was an approximately 6% decrease in this volume from 1256.4 to 1,183.0 between FY 2018/19 and FY 2019/20. This decrease is likely due to large number of employees working from home during the Covid-19 pandemic as well as some site-specific efforts to promptly repair leaks and raise awareness of water conservation among employees. Lenovo anticipates discharges to slightly increase along with our operations and employee population for the next several years.

W1.4

(W1.4) Do you engage with your value chain on water-related issues?

Yes, our suppliers

Yes, our customers or other value chain partners

W1.4a

(W1.4a) What proportion of suppliers do you request to report on their water use, risks and/or management information and what proportion of your procurement spend does this represent?

Row 1

% of suppliers by number

1-25

% of total procurement spend

76-100

Rationale for this coverage

We ask our key suppliers every year to formally report their environmental impact data, preferably via either the Responsible Business Alliance or the CDP reporting methodologies and platforms. We incentivize our suppliers to disclose through Lenovo's publicly available Supplier Code of Conduct, which requires suppliers to report data when requested. In FY19/20, Lenovo collected water use data from 57 of our about 400 suppliers. Lenovo is focusing engagement activities on this subset because these 57 suppliers account for 95% of Lenovo's procurement spend; therefore, environmental improvements within this subset will have the largest impact on overall supply chain sustainability. Expanding this to include the remaining 340 or so suppliers that only represent 5% of spend would be a resource intensive effort with less impactful results.

Impact of the engagement and measures of success

From these disclosures Lenovo tracks key suppliers' water data (annual withdrawal, recycling, and discharge) and whether key suppliers have public water goals. Lenovo incorporates these collected metrics into the scorecard for each supplier. These supplier scorecards are Lenovo's overall business rating for each supplier and are used to make future supply decisions which incentivizes our supply partners to improve in the areas of these input metrics, including water data and targets. Building supply chain disclosure and capabilities in this area helps us stress the importance of water disclosure and responsible practices to our suppliers and to lay the foundation for future improvement in this area. For FY19/20, 91% (52 out of 57) of our key suppliers had public water goals and there was over a 20% decrease in Lenovo allocated water withdrawals from our key suppliers. Success would be measured by increases in any of these numbers year over year.

Comment

In FY19/20, Lenovo worked with students in Duke University's Master of Environmental Management program to analyze overall water risk using WRI Aqueduct 3.0 for our key supply chain partners from FY 18/19 (most of which were also our key suppliers in FY 19/20). These 57 suppliers represented 95% of procurement spend in FY18/19. This exercise revealed that one of the 57 suppliers was in an area extremely high overall risk and 11% were in areas with high overall risk.

W1.4b

(W1.4b) Provide details of any other water-related supplier engagement activity.

Type of engagement

Incentivizing for improved water management and stewardship

Details of engagement

Water management and stewardship is integrated into supplier evaluation processes

% of suppliers by number

1-25

% of total procurement spend

76-100

Rationale for the coverage of your engagement

We ask our key suppliers every year to formally report their environmental impact data, preferably via either the Responsible Business Alliance or the CDP reporting methodologies and platforms. We incentivize our suppliers to disclose through Lenovo's publicly available Supplier Code of Conduct, which requires suppliers to report data when requested. In FY19/20, Lenovo collected water use data from 57 of our about 400 suppliers. This information feeds into the overall suppliers' scorecards which are used to guide future business decisions. Lenovo is focusing engagement activities on this subset because these 57 suppliers account for 95% of procurement spend; therefore, environmental improvements within this subset will have the largest impact on overall supply chain sustainability. Expanding this to include the remaining 340 or so suppliers that only represent 5% of spend would be a resource intensive effort with less impactful results.

Impact of the engagement and measures of success

The supplier scorecard process, scores suppliers against 25 performance criteria in the categories of Cost, Quality, Delivery, Technology and Service as well as 25 key sustainability indicators, including water use and water reduction goals. The scorecard program is used to increase business with suppliers who perform the best and to improve areas of weakness with under-performing suppliers. In the event a supplier cannot adequately meet our expectations, business activity is discontinued. The scorecard system helps ensure we are working with supply partners who met our standards and ensure we have a responsible and resilient supply chain. Success is measured by maintaining or improving scorecards for our supplier base year over year. In addition, we know have 41 suppliers (85% of spend) that underwent third party verification in FY19/20. 95% of spend is independently validated against RBA Code of Conduct with minimal findings (9 out of 336 audits) and 77% of spend are RBA members.

Comment

N/A

Type of engagement

Onboarding & compliance

Details of engagement

Requirement to adhere to our code of conduct regarding water stewardship and management

% of suppliers by number

76-100

% of total procurement spend

76-100

Rationale for the coverage of your engagement

Lenovo expects all suppliers, regardless of size or percent of procurement, to strive to be equally committed to ethical corporate citizenship and promoting sustainability. While Lenovo, currently focuses on a subset of the largest suppliers by procurement spend for the collection of metrics around water use, Lenovo expects 100% of suppliers to comply with the Supply Code of Conduct.

Impact of the engagement and measures of success

We incentivize our suppliers to disclose through Lenovo's publicly available Supplier Code of Conduct, which requires suppliers to report data when requested and encourages them to minimize water use and maximize water recycling. Failure to comply to Lenovo's Supplier Code of Conduct may result in consequences such as, down-levering supplier tier, lowering order guarantees, discontinuing business.

Comment

N/A

W1.4c

(W1.4c) What is your organization's rationale and strategy for prioritizing engagements with customers or other partners in its value chain?

Lenovo engages with customers, communities, suppliers, academic partners, and employees on water-related projects. Lenovo's culture places a strong focus on customer experience; every employee must have a customer related KPI. This customer-centric culture has led Lenovo to collaborate on water topics with customers. For example, Lenovo worked with researchers at North Carolina State University to support AI models to monitor crops and efficiently allocate water and energy to meet the crop needs of the increasing global population while conserving the world's limited resources. Lenovo supplied The Hydrous, a non-profit dedicated to preserving the ocean by telling its stories, with powerful workstations and Mirage Solo headsets to aid in the creation of a VR film to introduce students to the beauty of the sea and the ongoing decimation of coral reefs. We measure our success in customer interactions by our customer base and sales. Through the Lenovo Foundation, time and money has been donated to water-related projects. In FY19/20, during our Global Month of Service, staff in Monterrey, Mexico partnered with Nutre a un Niño to construct WASH facilities at a school. Here are a few water related natural disaster relief efforts the Lenovo Foundation contributed to in FY19/20: food bank during flash flooding in Indonesia, relief efforts in the Bahamas after Hurricane Dorian, relief efforts for the Australian and California wildfires, and Red Cross View which helps ensure resources are allocated in the right locations before a weather event. Lenovo recognizes that our products have a large indirect water footprint once they reach the customer through the energy they consume. Lenovo works to continually improve the energy efficiency of our products which indirectly improves their water footprint. Finally, Lenovo recognizes our employees care about water stewardship and engages with employees on this by providing water efficient fixtures in many of the WASH facilities.

W2. Business impacts

W2.1

(W2.1) Has your organization experienced any detrimental water-related impacts?

No

W2.2

(W2.2) In the reporting year, was your organization subject to any fines, enforcement orders, and/or other penalties for water-related regulatory violations?

No

W3. Procedures

W3.3

(W3.3) Does your organization undertake a water-related risk assessment?

Yes, water-related risks are assessed

W3.3a

(W3.3a) Select the options that best describe your procedures for identifying and assessing water-related risks.

Direct operations

Coverage

Full

Risk assessment procedure

Water risks are assessed in an environmental risk assessment

Frequency of assessment

Annually

How far into the future are risks considered?

More than 6 years

Type of tools and methods used

Tools on the market

Enterprise Risk Management

Tools and methods used

WRI Aqueduct

WWF Water Risk Filter

Other, please specify (Lenovo's Environmental Management System includes a Significant Environmental Aspect review. Lenovo's Enterprise Risk Management incorporates and adapts from elements of COSO Enterprise Risk Management Framework & ISO 31000 Risk Management Standard.)

Comment

Lenovo's ISO 14001 certified Environmental Management System (EMS) includes an annual Significant Environmental Aspect (SEA) review. The SEA is a process for determining significant environmental aspects for each business unit and ISO 14001 certified facility based on potential environmental and business risks of the aspect. The aspects identified through this process are then used to inform the development of the annual objectives and targets. Water is considered in the SEA and in FY19/20 it was considered a significant environmental aspect, similar to previous years. In FY19/20, Lenovo began a separate water risk assessment to examine location specific risks and plans to continue this annually. The primary tool used to map water risks and water withdrawals from stressed areas was WRI Aqueduct 3.0. WWF Water Risk Filter was then used to complement this information. The water risk identification tools and the approximate latitude and longitude of all of Lenovo's active manufacturing, research and development, large office sites were used to determine the water risk indicators for Lenovo's operations. Both current risk indicators and future projections were reviewed. Additionally, Lenovo has an Enterprise Risk Management (ERM) process that identifies corporate level risks but to date this process has never identified water risks as a substantive corporate level risk.

Supply chain

Coverage

Partial

Risk assessment procedure

Water risks are assessed in an environmental risk assessment

Frequency of assessment

Annually

How far into the future are risks considered?

More than 6 years

Type of tools and methods used

Tools on the market
Enterprise Risk Management

Tools and methods used

WRI Aqueduct
Other, please specify (Lenovo's Environmental Management System includes a Significant Environmental Aspect review. Lenovo's Enterprise Risk Management incorporates and adapts from elements of COSO Enterprise Risk Management Framework & ISO 31000 Risk Management Standard.)

Comment

In FY19/20, Lenovo worked with Master students at Duke University to analyze water risk in a portion of Lenovo's FY18/19 supply chain. The students obtained water risks for 57 supply chain partners using WRI Aqueduct 3.0. This subset of suppliers was selected because these 57 suppliers represented 95% of procurement spend in FY18/19. This exercise revealed that one of the 57 suppliers was in an area ranked extremely high for the Aggregated Total Risk Category and 11% had high total risk. Lenovo's ISO 14001 EMS requires a process for determining significant environmental aspects which includes the supply chain and water can be considered in this process as well. Additionally, Lenovo has an Enterprise Risk Management (ERM) process that identifies corporate level risks and includes supply chain risks but to date this process has never identified water risks as a substantive corporate level risk.

Other stages of the value chain

Coverage

None

Risk assessment procedure

<Not Applicable>

Frequency of assessment

<Not Applicable>

How far into the future are risks considered?

<Not Applicable>

Type of tools and methods used

<Not Applicable>

Tools and methods used

<Not Applicable>

Comment

Because Lenovo's water use and thus water-related risk exposure is primarily located in our direct operations and supply chain, Lenovo's current procedures for identifying and assessing water-related risks focus on direct operations and the supply chain. Lenovo's procedures for identifying and assessing water-related risks has not been expanded to include any other parts of the value chain.

W3.3b

(W3.3b) Which of the following contextual issues are considered in your organization's water-related risk assessments?

	Relevance & inclusion	Please explain
Water availability at a basin/catchment level	Relevant, always included	For Lenovo to continue providing WASH services at all locations, and cooling and landscape irrigation at some locations, water must remain available within each location's water basin. If water availability were to substantially decrease at a location, Lenovo may face higher operational costs, or have to transition to having employees work from home, or, in the worst case, have to cease/relocate certain operations. For these reasons, risks to water availability at the basin level are considered relevant and included in risk assessments. In FY19/20, Lenovo used WRI's Baseline Water Stress indicator as a gauge of water availability risk. 42% of Lenovo manufacturing sites, 24% of Lenovo R&D sites, and 38% of large offices sites were located in basins with high to extremely high risk for this category while 17% of Lenovo manufacturing sites, 29% of Lenovo R&D sites, and 19% of large offices sites were located in basins with medium-high risk for this category.
Water quality at a basin/catchment level	Relevant, always included	In order for Lenovo to continue providing WASH services of adequate quality at all locations, Lenovo must receive adequate quality of water at each location. If water quality were to substantially decrease at a location, Lenovo may face higher operational costs, or have to transition to having employees work from home, or, in the worst case, have to cease/relocate certain operations. For these reasons, risks to water quality at the basin level are considered relevant and included in risk assessments. In FY19/20, Lenovo used WRI's "Aggregated Default Quality Risk Category" as an indicator of water quality risk. 58% of Lenovo manufacturing sites, 24% of Lenovo R&D sites, and 23% of large offices sites were located in basins with high to extremely high risk for this category while 8% of Lenovo manufacturing sites, 29% of Lenovo R&D sites, and 31% of large offices sites were located in basins with medium-high risk for this category.
Stakeholder conflicts concerning water resources at a basin/catchment level	Relevant, always included	Lenovo recognizes that extreme water stress can lead to local stakeholder conflicts. Stakeholder conflicts can affect the regulatory stability around water policies and has associated reputational risks. For these reasons, stakeholder conflicts over water are considered relevant and included in risk assessments. In FY19/20, Lenovo used WRI's "Baseline Water Stress" as an indicator of conditions that could lead to stakeholder conflicts. 42% of Lenovo manufacturing sites, 24% of Lenovo R&D sites, and 38% of large offices sites were located in basins with high to extremely high risk for this category while 17% of Lenovo manufacturing sites, 29% of Lenovo R&D sites, and 19% of large offices sites were located in basins with medium-high risk for this category. To date, Lenovo has not experienced any water-related stakeholder conflicts at any of its locations.
Implications of water on your key commodities/raw materials	Relevant, always included	While Lenovo has no significant wet processes, Lenovo recognizes the importance of adequate quantities of sufficient quality water to our supply chain partners, including those with wet processes such as the semiconductor industry. Given this, Lenovo considers the implications of water on our key commodities as relevant and includes this in our risk assessments. In FY19/20, Duke Master students evaluated 57 of Lenovo's key suppliers from FY18/19 (many of whom were also key suppliers in FY19/20) using WRI Aqueduct. They specifically looked at the Overall Water Risk Indicator with the semiconductor industry weighting. The students found that 1 of the 57 suppliers had extremely high Overall Water Risk and 11% had high risk and 14% had a medium high risk. We also annually request our key suppliers RBA or CDP responses and water use data.
Water-related regulatory frameworks	Relevant, always included	The local regulatory frameworks can dictate the availability, quality, and cost of water for Lenovo locations. Given this, Lenovo considers risks to stable regulatory frameworks as relevant and includes this in our risk assessments. In FY19/20, Lenovo used WWF's "Basin Regulatory Risk" as an indicator of regulatory risk. 0% of Lenovo manufacturing sites, 0% of Lenovo R&D sites, and 4% of large offices sites were located in basins with high to very high risk in this category while 83% of Lenovo manufacturing sites, 71% of Lenovo R&D sites, and 58% of large offices sites were located in basins with moderate risk for this category.
Status of ecosystems and habitats	Relevant, always included	The status of the ecosystems and habitats affects the well-being of our employees and customers and, if degraded, can pose reputational risks for Lenovo. For these reasons, Lenovo considers risks to ecosystem and habitat health as relevant and includes this in our risk assessments. In FY19/20, Lenovo used WWF's "Ecosystem Services Status" as an indicator of current ecosystem risk levels. This indicator is based on datasets pertaining to river fragmentation, tree cover loss and projected impacts to freshwater biodiversity. 83% of Lenovo manufacturing sites, 88% of Lenovo R&D sites, and 69% of large offices sites were located in basins with high to very high risk in this category according to WWF while 17% of Lenovo manufacturing sites, 12% of Lenovo R&D sites, and 23% of large offices sites were located in basins with moderate risk for this category.
Access to fully-functioning, safely managed WASH services for all employees	Relevant, always included	Most of Lenovo's water use is for WASH services and Lenovo is committed to providing adequate WASH services to all employees at all locations. Failing to provide adequate WASH services would have a direct impact to the health and well-being of Lenovo's work force and could also have compliance and reputational repercussions. For these reasons, Lenovo considers risks to WASH services as relevant and includes this in our risk assessments. Our WASH services are assessed and maintained by our real estate teams and audited as part of our RBA compliance.
Other contextual issues, please specify	Relevant, always included	Lenovo recognizes that climate change will increase the occurrence and global distribution of extreme weather events, including droughts/wildfires and flooding. These events pose risks to our employees, our customers, and our operations and can cause damage to our physical locations across the globe. For this reason, Lenovo considers water-related weather event risks as relevant and considers them in our risk assessment. In FY19/20, Lenovo used WRI's "Riverine Flood Risk Category", "Coastal Flood Risk Category", and "Drought Risk Category" as indicators of water-related weather risks. For Riverine Flood Risk, 17% of Lenovo manufacturing sites, 12% of Lenovo R&D sites, and 12% of large offices sites were located in basins with high to extremely high risk for this category while 33% of Lenovo manufacturing sites, 24% of Lenovo R&D sites, and 23% of large offices sites were located in basins with medium-high risk for this category. For Coastal Flood Risk, 0% of Lenovo manufacturing sites, 12% of Lenovo R&D sites, and 15% of large offices sites were located in basins with high to extremely high risk for this category while 17% of Lenovo manufacturing sites, 29% of Lenovo R&D sites, and 12% of large offices sites were located in basins with medium-high risk for this category. For Drought Risk, 33% of Lenovo manufacturing sites, 31% of Lenovo R&D sites, and 40% of large offices sites were located in basins with high to extremely high risk for this category while 50% of Lenovo manufacturing sites, 56% of Lenovo R&D sites, and 48% of large offices sites were located in basins with medium-high risk for this category.

W3.3c

(W3.3c) Which of the following stakeholders are considered in your organization's water-related risk assessments?

	Relevance & inclusion	Please explain
Customers	Relevant, always included	Lenovo has a customer-centric culture recognizing our customers as vital to Lenovo's continued business success. As water risks increase, our customers are more likely to experience water risks directly which may cause them to prioritize water stewardship in their purchasing decisions. For this reason, Lenovo considers customers as relevant stakeholders and considers them in our risk assessment. This includes listening to and responding to customer complaints and concerns, including any that pertain to Lenovo's water use. This year Lenovo's participation in CDP Water was requested by 9 customers (Alphabet, Inc., Caixa, California Department of General Services, Fujitsu, Imperial Brands, J Sainsbury Plc, Microsoft, Nokia, Walmart Mexico y Centroamerica). In addition to CDP Water, Lenovo participates in the Gartner Top 25 which includes CDP Water as a factor in their ranking and influences customer opinions. Lenovo also responds to EcoVadis by request of customers such as Michelin.
Employees	Relevant, always included	Lenovo requires a large work force to continue to grow innovate, and manufacture. Lenovo is committed to providing all employees with WASH services in the workplace because we recognize this as a basic human right and without such services employee satisfaction and productivity would be greatly affected. Because most of Lenovo's water use is for employee use and consumption, our employees' personal water conservation efforts are also important to our overall water resiliency. Some of our sites have done awareness campaigns to improve the individual water conservation practices of our employees. For these reasons, Lenovo considers employees as relevant stakeholders and considers them in our risk assessment. Because incoming water quantity and quality are important factors in Lenovo's ability to continue providing WASH services, Lenovo monitors water availability and quality risk indicators through WRI Aqueduct at our locations.
Investors	Relevant, always included	As investor focus on long-term environmental security including water security increases, Lenovo anticipates greater requirements from investors regarding environmental disclosure and risk planning. For this reason, Lenovo considers investors as relevant stakeholders and considers them in our risk assessment. For example, through the Dow Jones Sustainability Index and the Hang Seng Corporate Sustainability Index, Lenovo shares environmental and water related information with investors.
Local communities	Relevant, always included	Lenovo recognizes that healthy, thriving communities mean healthy, thriving employees and customers. Because of these connections, Lenovo strives to be a good corporate citizen in the communities in which it operates and, therefore, considers local communities as relevant stakeholders and considers them in our risk assessment. For example, when the Lenovo Foundation, Lenovo's philanthropic arm, donates to relief efforts, including after water-related weather events, it prioritizes local communities associated with Lenovo's operations.
NGOs	Relevant, always included	Lenovo recognizes NGOs important role in educating organizations on water risks, putting positive pressure on organizations to improve water practices and mitigate impacts and risks, and bringing together many groups to collectively address cross-sectoral challenges associated with the water risks. Because of the important role NGOs have in addressing collective water risks, Lenovo considers NGOs as relevant stakeholders and considers them in our risk assessment. One example is in FY13/14, Lenovo engaged with the Nature Conservancy to provide support for its Shanghai Watershed project. Another example is our continued participation in CDP Water as both a way to share our water practices with customers and to evaluate our own practices for areas for future improvement. As Lenovo begins to expand our approach to water security, Lenovo recognizes that NGO facilitated collective action measures may be an important element of an effective approach.
Other water users at a basin/catchment level	Relevant, not included	Lenovo is not a substantial user of water, but Lenovo does recognize, since water is a finite and shared resource, the interconnectedness of all water users in a basin. The actions of other water users can affect Lenovo and the actions of Lenovo can affect other water users. For this reason, we consider other water users as relevant but at this time Lenovo has not begun to formerly consider them in risk assessments. As Lenovo begins to expand our approach to water security, Lenovo will consider if we should incorporate other water users in future risk assessments and risk management strategies and how they would best be incorporated.
Regulators	Relevant, always included	Lenovo is committed to regulatory compliance. Because regulators implement current regulations and will make decisions about future regulations to address large scale water risks, we recognize regulators as relevant stakeholders and include them in our risk assessments. For an example of Lenovo's water-related regulatory compliance, for Lenovo's North Carolina Headquarters, Lenovo maintains a Spill Prevention Control and Countermeasures Plan (SPCC) per EPA regulations.
River basin management authorities	Relevant, not included	River basin management authorities work to protect and preserve overall basin health and take actions that mitigate risks and work towards overall basin water security. Lenovo is not a substantial user of water within any one basin. However, since the actions of river basin management authorities are informed by basin water risks and can affect all basin water users, Lenovo considers river basin management authorities as relevant. As Lenovo begins to expand our approach to water security, Lenovo will consider if we will incorporate river basin management authorities in future risk assessments and risk management strategies where they exist in our operational footprint.
Statutory special interest groups at a local level	Relevant, not included	Statutory special interest groups can bring local stakeholders together to respond to local water risks and affect local and regional water management decisions. Lenovo is not a substantial user of water within any one locality. However, because of their ability to respond to and affect water risks, Lenovo considers statutory special interest groups as relevant. As Lenovo begins to expand Lenovo's approach to water security, Lenovo will consider if we will incorporate applicable statutory special interest groups in future risk assessments and risk management strategies where they exist in our operational footprint.
Suppliers	Relevant, always included	While Lenovo has no significant wet processes, Lenovo recognizes the importance of adequate quantities of sufficient quality water to our supply chain partners, including those with wet processes such as the semiconductor industry. If Lenovo's suppliers are significantly impacted by water risks, then Lenovo is likely to also feel repercussions. Conversely, if Lenovo is affected by water risk, this could impact our purchasing patterns with suppliers. Given this, Lenovo considers our suppliers as relevant stakeholders and considers them in our risk assessments. Lenovo asks key suppliers to provide water use data, water use targets, and RBA or CDP Water responses.
Water utilities at a local level	Relevant, not included	Lenovo obtains the majority of its water from water utilities and returns the majority of its discharges to water utilities. Water utilities act as an intermediary between Lenovo and water sources and as such are likely to experience water risks first. If water risks were to disrupt the operations of local water utilities, Lenovo could be faced with increased costs for sourcing water or disruptions to operations. Because of this linkage, Lenovo considers local water utilities as relevant stakeholders. As Lenovo begins to expand Lenovo's approach to water security, Lenovo will consider if we will incorporate local water utilities in future risk assessments and risk management strategies how they would best be incorporated.
Other stakeholder, please specify	Relevant, sometimes included	Lenovo worked with Duke University Master of Environmental Management students on water risk mapping projects during FY16/17 and FY19/20. Through this collaboration, Lenovo gained a better understanding of the current academic status of water risk mapping and aspects of water management. Lenovo recognizes that as the water crisis evolves and communities, governments, and industries adapt, new stakeholders may become relevant. Lenovo endeavors to stay aware of these changes and, when needed, include additional stakeholders in risk assessments and risk management strategies.

W3.3d

(W3.3d) Describe your organization's process for identifying, assessing, and responding to water-related risks within your direct operations and other stages of your value chain.

In two previous years, Lenovo has partnered with Duke University Master of Environmental Management students to evaluate Lenovo's water use and water risks by location as part of their Master program projects. This year is the first year Lenovo has monitored withdrawals from stressed areas internally and plans to continue monitoring annually. The primary tool Lenovo used to map their withdrawals from water stressed areas was WRI Aqueduct 3.0. WWF Water Risk Filter was then used to complement the information obtained via WRI Aqueduct 3.0. The water risk identification tools and the approximate latitude and longitude of all the Lenovo's active manufacturing, research and development, large office locations were used to determine the water risk indicators (quantity, quality, reputational and regulatory, and overall risk indicators) for Lenovo's most critical operations. This was done to help Lenovo better understand the type and level of severity of water-related risks facing Lenovo locations. This was done for both the current situation and future projections.

As part of Lenovo's EMS, an annual Significant Environmental Aspects (SEA) assessment is completed annually. The SEA considers both the environmental and business risks of environmental aspects in the assessment. In FY19/20, water was rated as significant through this process as it had been in previous years. As a result, Lenovo has established an objective to continue to maintain operational control of Lenovo's water use. This objective is supported by a metric/KPI that applies to all manufacturing, research & development, and large offices (offices with over 100 employees) to maintain total global water withdrawal and total wastewater generation to +/- 5% of FY18/19. Lenovo exceeded this target for FY19/20 by achieving a 6% decrease in the volume of total water withdrawals and discharges. The data supporting this target was tracked using the Cr360 software and was externally audited by TÜV SÜD for FY19/20.

As part of Lenovo's ERM process, at least annually all of Lenovo's major business areas are surveyed and asked to evaluate risks in their area based on a formal risk management matrix. These risks are rolled up at the corporate level and reported to senior management as part of an overall risk management report. To date this process has never identified water risks as a substantive corporate level risk.

W4. Risks and opportunities

W4.1

(W4.1) Have you identified any inherent water-related risks with the potential to have a substantive financial or strategic impact on your business?

No

W4.1a

(W4.1a) How does your organization define substantive financial or strategic impact on your business?

Lenovo's Enterprise Risk Management (ERM) framework has an internal risk rating methodology which sets out types of impacts (which include financial impact), associated indicators, and degrees of severity at the corporate level and covers impacts from both direct operations and the supply chain.

Financial impacts are considered under the ERM and are defined by the overall profitability of the business. Financial indicators are profit, revenue, and assets measured. Whether an impact is low, moderate, high, or extreme depends on the magnitude of associated loss in profit, revenue, or assets. Specific values for these indicators are set internally to determine degree of severity.

Lenovo's ERM risk rating methodology identifies several other impact types that would all be considered strategic impacts at the corporate level. These include image, market share, production, people, environment, and compliance. While these strategic impacts would likely have associated financial impacts, they have their own separate indicators for determining degree of severity. These indicators are the geographic and temporal scope of publicity (image), sales (market share), production numbers (production), injury, death and turnover (people), scope and reversibility of incidents (environment), and penalties (compliance). Similar to the financial indicators, specific cut offs are internally identified to determine degree of severity based on the indicators.

Lenovo would consider any risks that falls into the internally defined two highest degrees of severity for any of the aforementioned impact types to be a substantive financial or strategic impact at the corporate level. This definition applies to both risks within direct operations and the supply chain.

Through the ERM process, individual groups within the organization consider many potential risks on an annual basis. Examples of considered risks include market trends, macroeconomic and geopolitical trends, changes in regulations, and natural catastrophes. These are just a few examples of the many that are considered each year. To date, this process has never identified water risks as a substantive corporate level risk.

W4.2b

(W4.2b) Why does your organization not consider itself exposed to water risks in its direct operations with the potential to have a substantive financial or strategic impact?

	Primary reason	Please explain
Row 1	Risks exist, but no substantive impact anticipated	Lenovo acknowledges that access to sufficient amounts of good quality freshwater is important to our direct operations. Lenovo has also identified water risks through the use of WRI Aqueduct and WWF Water Risk Filter Tool at the facilities level. However, Lenovo does not currently consider water risk impacts to be substantive at the corporate level. Lenovo will continue to evaluate and adjust if water-related risks become substantive at the corporate level. Lenovo's manufacturing footprint is geographically diverse. Lenovo knows from experience with tariffs and the COVID-19 pandemic that we are able to shift manufacturing in response to localized impacts and therefore, may be able to effectively respond to water-related impacts without incurring substantive financial or strategic impacts at the corporate level. Lenovo's non-manufacturing locations are well positioned to quickly transition to working from home when necessary. This was done on a large-scale during the COVID-19 pandemic and may provide a model to follow on small scales where necessary in responses to any water-related issues that prevent individual facilities from providing adequate WASH services on site for employees.

W4.2c

(W4.2c) Why does your organization not consider itself exposed to water risks in its value chain (beyond direct operations) with the potential to have a substantive financial or strategic impact?

	Primary reason	Please explain
Row 1	Risks exist, but no substantive impact anticipated	Lenovo acknowledges that access to sufficient amounts of good quality freshwater is important to our supply chain. Lenovo also recognizes that our supply chain is exposed to potential water-related risks. However, Lenovo does not currently consider water risk impacts to be substantive at the corporate level. Lenovo will continue to evaluate and adjust if water-related risks become substantive. Lenovo requests water use information from main suppliers and engages with a diverse set of suppliers. Lenovo knows that some of our suppliers are participating in CDP Water and considering the water risks within their own operations. By continuing current engagement with suppliers and exploring potential ways to increase engagement, Lenovo will be aware of water related impacts to the supply chain and can react by reassessing supply allocation as necessary. Furthermore, Lenovo has retained in-house manufacturing so has direct control over some of the manufacturing process. Lenovo also engages with customers on water issues. For example, our participation in CDP Water was requested by nine of our customers this year and we have engaged in direct discussions with customers on water use. While customer interest in our water management and security is increasing, it is not at a level that would suggest water risks to have substantive value chain impacts at the corporate level.

W4.3

(W4.3) Have you identified any water-related opportunities with the potential to have a substantive financial or strategic impact on your business?

Yes, we have identified opportunities, and some/all are being realized

W4.3a

(W4.3a) Provide details of opportunities currently being realized that could have a substantive financial or strategic impact on your business.

Type of opportunity

Efficiency

Primary water-related opportunity

Cost savings

Company-specific description & strategy to realize opportunity

Water efficiency measures can save Lenovo money and our Real Estate and Manufacturing teams continually look for opportunities to minimize water use. Water is used for WASH services and landscaping. Continuing to expand the use of water efficient fixtures and water recycling and looking for opportunities to decrease water use associated with landscaping will continue to realize financial savings. An example, of a past project to reduce water use includes a water reuse system in Brazil that reduced consumption by 80% and installation of water efficient fixtures in newly renovated buildings.

Estimated timeframe for realization

Current - up to 1 year

Magnitude of potential financial impact

Low-medium

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact

The impact has not been quantified financially. Efficiency numbers are relatively easy to estimate compared to some of the other opportunities listed here so this opportunity is something Lenovo could estimate in the future.

Type of opportunity

Resilience

Primary water-related opportunity

Increased resilience to impacts of climate change

Company-specific description & strategy to realize opportunity

There are many opportunities to improve our own climate change resilience and provide customers climate change resilience that have indirect water-related impacts. An example is the transition to renewable energy sources which is both important to lessen GHG emissions in order to slow the progression of climate change and also decreases Lenovo's indirect water use by offsetting purchases from traditional energy generation with greater associated water consumption. For example, at Lenovo's headquarters in Morrisville, North Carolina 1.9MWs of solar panels have been installed and Lenovo's Whitsett, North Carolina facility has a 2MW solar energy installation . This on-site renewable energy generation decreases the amount of energy Lenovo purchases from the larger grid, which is largely powered by natural gas, coal, and nuclear, all which require water.

Estimated timeframe for realization

More than 6 years

Magnitude of potential financial impact

Low-medium

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

274490

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact

This figure is the combined expected annual cost savings from the solar energy installations at Lenovo's two locations in North Carolina, USA. The figure is based on estimated production total from NREL's PVWatts Calculator and 2019 electricity rates.

Type of opportunity

Resilience

Primary water-related opportunity

Increased supply chain resilience

Company-specific description & strategy to realize opportunity

Because Lenovo's products contain semiconductors, a majority of the water used in manufacturing is within the supply chain. Lenovo has identified ways to increase supply chain engagement which could in turn improve overall supply chain engagement and resiliency.

Estimated timeframe for realization

Current - up to 1 year

Magnitude of potential financial impact

Medium

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact

The impact has not been quantified financially.

Type of opportunity

Resilience

Primary water-related opportunity

Resilience to future regulatory changes

Company-specific description & strategy to realize opportunity

Water is a regulated resource in most of the world. This means that any opportunities to decrease water use (through improved efficiency or other measures) would in turn improve Lenovo's resiliency to water-related regulatory change. If using less water, a change in regulations affecting the cost or allocation of water would have less of an impact than if the company were using more water.

Estimated timeframe for realization

Current - up to 1 year

Magnitude of potential financial impact

Low-medium

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact

The impact has not been quantified financially.

Type of opportunity

Products and services

Primary water-related opportunity

Increased sales of existing products/services

Company-specific description & strategy to realize opportunity

As water resources are further strained by the world's growing population and climate change related impacts, greater focus will be put on large-scale water related research and water management. Such research and management will require large amounts of data storage and processing. As a manufacturer of computers and servers, Lenovo sees an opportunity for increased sales of products and services to help our customers work on water-related projects and solutions. Lenovo also produces Smart Home Devices. Smart Home Devices can help our customers conserve water and energy through remote monitoring and other means. As climate and water issues progress, we predict greater interest and sales in Smart Home Devices.

Estimated timeframe for realization

1 to 3 years

Magnitude of potential financial impact

High

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

3140000000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact

The potential financial impact figure for this is based on the assumption that the global smart home market will reach \$157 billion USD by 2023 and that Lenovo is likely to have a 20% market share (based on Lenovo's PC market share). ($\$157 \text{ billion USD} \times 0.20 = \31.4 billion USD)

Type of opportunity

Products and services

Primary water-related opportunity

Reduced impact of product use on water resources

Company-specific description & strategy to realize opportunity

The majority of Lenovo's products consume energy and most traditional energy sources require cooling water. By continuous efforts to improve the energy efficiency of our products, Lenovo is continuously improving the impact our products have on water resources. Lenovo also manufacturer's water-cooled servers. Continuous efforts to improve the efficiency of water-cooled servers is another opportunity to lessen the impact of product use on water resources.

Estimated timeframe for realization

Current - up to 1 year

Magnitude of potential financial impact

Low-medium

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact

The impact has not been quantified financially.

Type of opportunity

Markets

Primary water-related opportunity

Increased brand value

Company-specific description & strategy to realize opportunity

Being a good steward of water resources is expected of global corporate citizens. We know our customers, investors, and the communities in which we operate care about good water management practices which presents an opportunity to increase our brands perception through water stewardship efforts.

Estimated timeframe for realization

Current - up to 1 year

Magnitude of potential financial impact

Medium

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

50716000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact

Assuming increased brand value from stewardship practices leads in to a 0.1% increase in sales, revenue would increase by about \$50.7 million annually based on FY19/20 revenue.

Type of opportunity

Markets

Primary water-related opportunity

Stronger competitive advantage

Company-specific description & strategy to realize opportunity

As water resources are further stressed by population growth and climate change, businesses with well-developed water resiliency measures will have a competitive advantage. Lenovo recognizes that acknowledging and addressing water risks and opportunities now will create competitive advantages in the future. An example of this is the increasing interest in a company's participation in surveys such as CDP. With increased pressure to participate in such surveys and score well, pro-active companies will have a competitive advantage over their counterparts who do not participate or do not score satisfactorily.

Estimated timeframe for realization

More than 6 years

Magnitude of potential financial impact

Medium

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

50716000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact

Assuming increased competitive advantage leads in to a 0.1% increase in sales, revenue would increase by about \$50.7 million annually based on FY19/20 revenue.

Type of opportunity

Markets

Primary water-related opportunity

Improved customer satisfaction

Company-specific description & strategy to realize opportunity

Being a good steward of water resources is expected of global corporate citizens. We know our customers, investors, and the communities in which we operate care about good water management practices. We currently respond to customer requests regarding water and sustainability through CDP Water, Dow Jones Sustainability Index, and Hang Seng Corporate Sustainability Index. We will continue to respond to customer's water-related requests as they arise in order to maintain and improve customer satisfaction.

Estimated timeframe for realization

Current - up to 1 year

Magnitude of potential financial impact

Medium-high

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

1740000000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact

The potential impact figure here reflects the account value of the nine customers who requested Lenovo's participation in CDP this year. The fact that these companies requested our participation indicates that they are considering water security when evaluating which companies to do business with and if Lenovo was underperforming in this area, these customer's may become unsatisfied and therefore less likely to do business with us.

W6. Governance

W6.1

(W6.1) Does your organization have a water policy?

Yes, we have a documented water policy that is publicly available

W6.1a

(W6.1a) Select the options that best describe the scope and content of your water policy.

	Scope	Content	Please explain
Row 1	Company-wide	Reference to international standards and widely-recognized water initiatives Company water targets and goals Commitments beyond regulatory compliance Commitment to water-related innovation	Lenovo has a publicly available environmental affairs policy. This policy is signed by the CEO and applies to all Lenovo operations, employees, and contractors. The policy covers all operations because Lenovo recognizes that all operations small and large are connected to the natural environment and therefore responsible for contributing to the environmental affairs of the organization. Lenovo considers water an important part of environmental affairs and therefore considers the environmental affairs policy to extend to water management. The policy includes a commitment to meet all applicable environmental requirements plus voluntary commitments. The policy stresses continual improvement in the area of environmental affairs through the setting of aggressive objectives and targets and the provision of the resources needed to fulfill these objectives. The policy also includes a statement about compliance to all international environmental standards. Under the policy, as part of the effort to maintain continual improvement, Lenovo is to drive innovation in the area of environmental management.

W6.2

(W6.2) Is there board level oversight of water-related issues within your organization?

No

W6.2c

(W6.2c) Why is there no board-level oversight of water-related issues and what are your plans to change this in the future?

	Primary reason	Board level oversight of water-related issues will be introduced in the next two years	Please explain
Row 1	Lenovo's water use is not currently considered an item of substantive financial or strategic importance and thus does not reach Board-level oversight.	No	While Lenovo acknowledges its reliance on water as part of Lenovo's commitment to provide WASH services in all our locations and as an important element within segments of our supply chain, when compared to other business risks within Lenovo, water use is not considered to be at a level currently warranting Board oversight at this time. WASH services oversight is done at a local level. The Board is broadly informed of our water performance during annual updates as part of their review of our annual ESG Report which contains a section on water resources. In addition, climate change strategy, which is tied to indirect water reliance and water impacts, is overseen by the Board. If the ability to source sufficient quantities of good quality water for multiple, strategic locations were to be threatened, water-related issues would be considered for Board-level oversight.

W6.3

(W6.3) Provide the highest management-level position(s) or committee(s) with responsibility for water-related issues (do not include the names of individuals).

Name of the position(s) and/or committee(s)

Chief Sustainability Officer (CSO)

Responsibility

Both assessing and managing water-related risks and opportunities

Frequency of reporting to the board on water-related issues

Not reported to board

Please explain

Lenovo's Chief Corporate Responsibility Officer (CRO), a role analogous to a CSO, reports to the Board twice annually on climate and other Environmental, Social and Governance issues. The Board is broadly informed of our water performance during these meetings as part of their review of our annual ESG Report which contains a section on water resources. The CRO's organization has reported on growing interest in water resources to Lenovo's Leadership Executive Committee, Lenovo's top management committee that governs our business across functions, geographies and business units. As a result of this briefing, a new position was approved on the Global Environmental Affairs and Sustainability team to specifically manage Lenovo's water resources programs.

W6.4

(W6.4) Do you provide incentives to C-suite employees or board members for the management of water-related issues?

	Provide incentives for management of water-related issues	Comment
Row 1	No, and we do not plan to introduce them in the next two years	

W6.5

(W6.5) Do you engage in activities that could either directly or indirectly influence public policy on water through any of the following?

No

W6.6

(W6.6) Did your organization include information about its response to water-related risks in its most recent mainstream financial report?

Yes (you may attach the report - this is optional)

ar2020.pdf

W7. Business strategy

W7.1

(W7.1) Are water-related issues integrated into any aspects of your long-term strategic business plan, and if so how?

	Are water-related issues integrated?	Long-term time horizon (years)	Please explain
Long-term business objectives	No, water-related issues were reviewed but not considered as strategically relevant/significant	> 30	With no wet processes in our manufacturing, Lenovo's water use is relatively minimal. Therefore, water-related issues are not seen as a substantive financial or strategic risk for the business and are not explicitly incorporated into the long-term business objectives. However, many other geographic risks have pushed Lenovo to pursue a diverse manufacturing and supply chain footprint to mitigate localized risks and this helps position Lenovo to be prepared for other localized geographic risks including water-related risks.
Strategy for achieving long-term objectives	No, water-related issues were reviewed but not considered as strategically relevant/significant	> 30	Because water is not included in our long-term business objectives, water-related issues are also not explicitly considered when developing the strategies to achieve the company's long-term objectives.
Financial planning	No, water-related issues were reviewed but not considered as strategically relevant/significant	> 30	Because water is not included in our long-term business objectives and strategies, water-related issues are also not explicitly considered with the associated financial planning.

W7.2

(W7.2) What is the trend in your organization's water-related capital expenditure (CAPEX) and operating expenditure (OPEX) for the reporting year, and the anticipated trend for the next reporting year?

Row 1

Water-related CAPEX (+/- % change)

Anticipated forward trend for CAPEX (+/- % change)

0

Water-related OPEX (+/- % change)

Anticipated forward trend for OPEX (+/- % change)

0

Please explain

Water-related CAPEX and OPEX have not historically been aggregated and tracked at a corporate level. This year Lenovo is beginning to aggregate them so changes over time can be tracked. Due to lack of past data, it isn't possible to provide % change in CAPEX and OPEX compared to the previous year. Overtime Lenovo has invested CAPEX in water-related projects, such as projects that improve water efficiencies at sites. Most of Lenovo's annual water-related OPEX is for water supply and discharge with some periodic maintenance charges. Lenovo tracks this spending as a percentage of our total operational expenditures. In FY18/19, additional OPEX was spent to clean treatment equipment at our Beijing site to meet new quality standards (~\$19,450 USD) and a new water-focused hire was added to the Global Environmental Affairs team. Because water use is held within +/-5% each year and maintenance OPEX items occur at a stable frequency, the % change moving forward is expected to be close to 0%.

W7.3

(W7.3) Does your organization use climate-related scenario analysis to inform its business strategy?

	Use of climate-related scenario analysis	Comment
Row 1	Yes	Lenovo performed a qualitative and quantitative climate-related scenario analysis using the 2DS and IEA B2DS. Lenovo also assessed future water impacts at manufacturing, research and development, and large office (> 100 employees) sites using forward looking risk indicators in WRI Aqueduct and WWF Water Risk Filter. Both of these tools model future water risks based on both climate and socioeconomic drivers.

W7.3a

(W7.3a) Has your organization identified any water-related outcomes from your climate-related scenario analysis?

Yes

W7.3b

(W7.3b) What water-related outcomes were identified from the use of climate-related scenario analysis, and what was your organization's response?

	Climate-related scenarios and models applied	Description of possible water-related outcomes	Company response to possible water-related outcomes
Row 1	Other, please specify (We used WRI Aqueduct which uses Representative Concentration Pathways (RCPs) and Shared Socioeconomic Pathways (SSPs) and WWF Water Risk Filter which uses the Inter-Sectoral Impact Model Intercomparison Project (ISIMIP) which also incorporates RCPs.)	This year Lenovo assessed their manufacturing, research and development, and large office (>100 employees) site footprint with WRI Aqueduct and WWF Water Risk Filter. Both the WRI Aqueduct and WWF Water Risk Filter tools use climate and socioeconomic models to model future water risks at the basin level. WRI Aqueduct uses Representative Concentration Pathways (RCPs) and Shared Socioeconomic Pathways (SSPs) to model future scenarios; the "optimistic scenario" is based on SSP2 RCP4.5 and the "pessimistic scenario" is based on SSP3 RCP8.5. WWF Water Risk Filter Tool uses the Inter-Sectoral Impact Model Intercomparison Project (ISIMIP) which also incorporates RCPs. Based on the predicted climate and socioeconomic changes, WRI Aqueduct reports basin level water risk indicators for years 2030 and 2040 and WWF Water Risk Filter reports basin level water risk indicators for year 2050. As part of the assessment, Lenovo reviewed the future water risk indicators for the basins associated with Lenovo facilities. The results showed varying degrees of increased risk of water stress, flooding, and drought at certain sites. For example, according to the drought indicator for 2050 in WWF Water Risk Filter, one Lenovo plant will have high risk of drought in 2050 (Chengdu, China) and one Lenovo large office site will have an extremely high risk of drought in 2050 (Mexico City, Mexico).	This was the first year Lenovo did this type of assessment and it was found to be insightful. Lenovo plans to continue to monitor future water risks annually using the same or similar approach in order to be aware of future water-related risks resulting from climate change and socioeconomic changes and to inform where to focus water-related investments the company may make over time and as appropriate, including at the facilities in Chengdu and Mexico City.

W7.4

(W7.4) Does your company use an internal price on water?

Row 1

Does your company use an internal price on water?

No, but we are currently exploring water valuation practices

Please explain

Lenovo acknowledges the true value of water is not accounted for in today's markets and internal water pricing could help better quantify the benefits of water-related investments and prepare Lenovo for future increases in the price of water. Given this we are exploring the emerging practice of water valuation, looking into available methodologies, and how they could be applied to our business. As a first step, Lenovo has begun to explore Ecolab's Water Risk Monetizer to better understand the monetary value of incoming and outgoing water risks and the potential revenue at risk at our global manufacturing locations. Moving forward, Lenovo plans to utilize the tool to prioritize facility-level actions and to explore risk-adjusted costs and returns of potential investments. We recognize that a majority of water risk and use is beyond our direct operations and, given this, Lenovo plans to explore methods for understanding the full value of water beyond our direct operations.

W8. Targets

W8.1

(W8.1) Describe your approach to setting and monitoring water-related targets and/or goals.

	Levels for targets and/or goals	Monitoring at corporate level	Approach to setting and monitoring targets and/or goals
Row 1	Company-wide targets and goals Business level specific targets and/or goals Site/facility specific targets and/or goals	Targets are monitored at the corporate level Goals are monitored at the corporate level	Under Lenovo's Environmental Management System (EMS), at the end of each fiscal year, global objectives and targets as well as business unit and facility specific objectives and targets are set for the upcoming year. Lenovo's system uses the term "objectives" instead of "goals" to cover qualitative changes or outcomes. Under Lenovo's process, top EMS management at the corporate level request input from Environmental Affairs Focal Points (EAFPs) for each business unit and facility covered by our EMS program. Next, the top EMS management reviews this input along with Lenovo's environmental policy, significant environmental aspects, risks and opportunities, past performance, customer/stakeholder expectations and other materials to develop a set of global objectives and targets for the upcoming year. Then, the EAFPs for each business unit and facility under the EMS program sets their own objectives and targets that support the global objectives and targets. Corporate then reports the objectives and targets to the business level which includes our manufacturing, China real estate, and rest of the world real estate teams. Performance relative to the objectives and targets are monitored and measured twice annually at a minimum at the corporate level. Individual targets may be monitored at the facility/business unit level more frequently. If progress is not being made or challenges are encountered, the objectives and targets and individual plans to achieve them are evaluated and revised if necessary. In FY19/20, there were 12 global objectives (or goals) and 38 targets set under the EMS process. This set of global objectives and targets was then supported by many product level and facility specific targets that were also monitored at least twice annually at the corporate level. The 13 targets and 4 objectives (goals) most related to water are outlined in our response to 8.1a and 8.1b below. They include targets and objectives that apply company-wide, to specific business areas, and to specific sites/facilities and goals that apply company-wide.

W8.1a

(W8.1a) Provide details of your water targets that are monitored at the corporate level, and the progress made.

Target reference number

Target 1

Category of target

Water withdrawals

Level

Company-wide

Primary motivation

Reduced environmental impact

Description of target

Total global water withdrawal will be within +/- 5% of the total global water withdraw volumes for FY18/19.

Quantitative metric

Other, please specify (Maintain within 5% of previous year's volume)

Baseline year

2018

Start year

2018

Target year

2019

% of target achieved

100

Please explain

In this response, 2018 indicates FY18/19 and 2019 indicates FY19/20. This target reflects Lenovo's goal of maintaining operational control of water use. To do this Lenovo monitors and tracks water withdrawals at our manufacturing, R&D, and large office (>100 employees) locations across the world, has this data externally audited, and then compares it to the previous year. Because water use is primarily used for WASH services in the workplace and Lenovo's workforce continues to undergo organic growth, a target of maintaining water withdrawal volumes is appropriate for Lenovo at this point in time.

Target reference number

Target 2

Category of target

Water discharge

Level

Company-wide

Primary motivation

Reduced environmental impact

Description of target

Total global water discharge will be +/- 5% of the total water discharge volumes for FY 18/19.

Quantitative metric

Other, please specify (Maintain within 5% of previous year's volume)

Baseline year

2018

Start year

2018

Target year

2019

% of target achieved

100

Please explain

In this response, 2018 indicates FY18/19 and 2019 indicates FY19/20. This target reflects Lenovo's goal of maintaining operational control of water use. To do this Lenovo monitors and tracks water discharges at all our manufacturing and most R&D and large office (>100 employees) locations across the world, has this data externally audited, and then compares it to the previous year. Because water use is primarily used for WASH services in the workplace and Lenovo's workforce continues to undergo organic growth, a target of maintaining water discharge volumes is appropriate for Lenovo at this point in time.

Target reference number

Target 3

Category of target

Water, Sanitation and Hygiene (WASH) services in the workplace

Level

Company-wide

Primary motivation

Commitment to the UN Sustainable Development Goals

Description of target

Lenovo is committed to excelling at RBA audits at Lenovo manufacturing sites as well as at our suppliers' locations and RBA audits cover toilet and canteen facilities in addition to process water management activities. To ensure satisfactory RBA audit performance, adequate WASH services are maintained at Lenovo facilities.

Quantitative metric

Other, please specify (Maintain WASH services in the workplace)

Baseline year

2018

Start year

2018

Target year

2019

% of target achieved

100

Please explain

In this response, 2018 indicates FY18/19 and 2019 indicates FY19/20. This target reflects Lenovo's belief that WASH services are a basic human right. Unlike the other targets for water use, this target is not part of Lenovo's EMS system but rather part of Lenovo's supplier sustainability management program which includes requirements that suppliers follow the RBA and Lenovo Supplier Codes of Conduct. Section B7 of the RBA Code of Conduct requires that workers be provided with ready access to clean toilet facilities, potable water and other applicable WASH services and Section C7 addresses water management. Lenovo requires RBA audits of our suppliers and our own facilities where access to WASH services is monitored and reported. RBA audit results are a factor in supplier performance evaluations. In FY19/20, Lenovo's RBA audits contained no findings related to status and quality of bathrooms and canteens indicating that all were found to meet RBA's standards.

Target reference number

Target 4

Category of target

Product use-phase

Level

Business

Primary motivation

Climate change adaptation and mitigation strategies

Description of target

All of Lenovo's business units had a FY19/20 target that new products must show improved energy efficiency relative to the previous generation of the products.

Quantitative metric

Other, please specify (improve energy efficiency/product energy use)

Baseline year

2018

Start year

2018

Target year

2019

% of target achieved

100

Please explain

In this response, 2018 indicates FY18/19 and 2019 indicates FY19/20. The baseline and start year for this target is not the most applicable metric. New generations of products are released on different schedules for different products. When a new product is designed the previous generation would be used as a reference to design a product with improved energy consumption optimization. Improved energy efficiency of products also improves the products' indirect water use since in most places the energy generation mix on the grid involves traditional energy generation technologies that use water. This target is applicable for Lenovo over a direct product water use target because Lenovo's products do not directly consume or interact with water during their use phase (with the exception of our water cooled servers which use water in a closed loop system where minimal water is added or discharged from the system over the server's life).

Target reference number

Target 5

Category of target

Impact of packaging material

Level

Business

Primary motivation

Reduced environmental impact

Description of target

Lenovo packaging business had a FY19/20 target to identify one new Lenovo product for which to implement use of 100% biodegradable/compostable packaging

Quantitative metric

% increase of biodegradable packaging material

Baseline year

2018

Start year

2018

Target year

2019

% of target achieved

100

Please explain

In this response, 2018 indicates FY18/19 and 2019 indicates FY19/20. Between 2019 and 2020 Lenovo's packaging team was to identify one new product for which to implement use of 100% biodegradable/compostable packaging. This goal was met by introducing bamboo fiber packaging for the ThinkPad X390. Achieving this target reduces the risk of plastic packaging being mismanaged and leaking to the environment/waterbodies.

Target reference number

Target 6

Category of target

Impact of packaging material

Level

Business

Primary motivation

Reduced environmental impact

Description of target

Achieve 5% reduction in packaging weight or volume for at least one product

Quantitative metric

% decrease of packaging per product unit

Baseline year

2018

Start year

2018

Target year

2019

% of target achieved

91

Please explain

In this response, 2018 indicates FY18/19 and 2019 indicates FY19/20. Between 2019 and 2020 Lenovo's packaging team was to reduce the packaging weight or volume for one product by 5%. This target applied to each business unit. This was achieved for ten of the eleven applicable business units (91%). The progress made on this target reduces the risk of plastic packaging being mismanaged and leaking to the environment/waterbodies.

Target reference number

Target 7

Category of target

Water consumption

Level

Site/facility

Primary motivation

Reduced environmental impact

Description of target

Lenovo's Indaiatuba manufacturing location (Brazil) had a site-specific goal of 470 cubic meters of water consumption per month.

Quantitative metric

Other, please specify (Achieve a specific monthly water consumption value)

Baseline year

2018

Start year

2018

Target year

2019

% of target achieved

100

Please explain

In this response, 2018 indicates FY18/19 and 2019 indicates FY19/20. The site planned to achieve this target through awareness training, inspections, pressure reducers on taps, and automatic taps in urinals. This target was exceeded; monthly water consumption for FY19/20 for the site was 440 cubic meters.

Target reference number

Target 8

Category of target

Water consumption

Level

Site/facility

Primary motivation

Reduced environmental impact

Description of target

Lenovo's Pondicherry manufacturing location (India) had a target for FY19/20 to reduce water consumption by 5% compared to FY18/19.

Quantitative metric

% reduction in total water consumption

Baseline year

2018

Start year

2018

Target year

2019

% of target achieved

100

Please explain

In this response, 2018 indicates FY18/19 and 2019 indicates FY19/20. The site planned to achieve this target through rainwater collection for the garden, in-house sewage treatment plant to fulfill landscaping requirement, audits for leakages, and/or raising employee awareness. This target was met.

Target reference number

Target 9

Category of target

Other, please specify (Employee water intensity)

Level

Site/facility

Primary motivation

Reduced environmental impact

Description of target

Lenovo's Beijing R&D facility (China) set a FY19/20 target to achieve a water intensity of 1.5 ton/person/month.

Quantitative metric

Other, please specify (Achieve a specific per person water intensity value)

Baseline year

2018

Start year

2018

Target year

2019

% of target achieved

100

Please explain

In this response, 2018 indicates FY18/19 and 2019 indicates FY19/20. The site planned to achieve this target through improving their regular water related maintenance checks. This target was exceeded; water intensity for the site was 1.41 ton/person/month for FY19/20.

Target reference number

Target 10

Category of target

Other, please specify (Employee water intensity)

Level

Site/facility

Primary motivation

Reduced environmental impact

Description of target

Lenovo's Shanghai R&D facility (China) set a FY19/20 target to achieve a water intensity of 1.5 ton/person/month.

Quantitative metric

Other, please specify (Achieve a specific per person water intensity value)

Baseline year

2018

Start year

2018

Target year

2019

% of target achieved

100

Please explain

In this response, 2018 indicates FY18/19 and 2019 indicates FY19/20. The site planned to achieve this target through staff awareness. This target was exceeded; water intensity for the site for FY19/20 was 0.69 ton/person/year.

Target reference number

Target 11

Category of target

Other, please specify (Employee water intensity)

Level

Site/facility

Primary motivation

Reduced environmental impact

Description of target

Lenovo's Shenzhen R&D facility (China) set a FY19/20 target to achieve a water intensity of 1.5 ton/person/month.

Quantitative metric

Other, please specify (Achieve a specific per person water intensity value)

Baseline year

2018

Start year

2018

Target year

2019

% of target achieved

100

Please explain

In this response, 2018 indicates FY18/19 and 2019 indicates FY19/20. The site planned to achieve this target through staff awareness. This target was exceeded; water intensity for the site for FY19/20 was 1.17 ton/person/year.

Target reference number

Target 12

Category of target

Other, please specify (Employee water intensity)

Level

Site/facility

Primary motivation

Reduced environmental impact

Description of target

Lenovo's Xiamen R&D facility (China) set a FY19/20 target to achieve a water intensity of 4 ton/person/month.

Quantitative metric

Other, please specify (Achieve a specific per person water intensity value)

Baseline year

2018

Start year

2018

Target year

2019

% of target achieved

100

Please explain

In this response, 2018 indicates FY18/19 and 2019 indicates FY19/20. The site planned to achieve this target through staff awareness, prompt repair of water leaks, and monthly monitoring. This target was exceeded; water intensity for the site for FY19/20 was 2.73 ton/person/month.

Target reference number

Target 13

Category of target

Water consumption

Level

Site/facility

Primary motivation

Reduced environmental impact

Description of target

Lenovo's Taipei R&D facility set a FY19/20 target to achieve water consumption volume of +/-5% of their FY18/19 volume.

Quantitative metric

Other, please specify (Achieve a specific per person water intensity value)

Baseline year

2018

Start year

2018

Target year

2019

% of target achieved

100

Please explain

In this response, 2018 indicates FY18/19 and 2019 indicates FY19/20. The site planned to achieve this target through staff awareness and monthly monitoring. This target was met.

W8.1b

(W8.1b) Provide details of your water goal(s) that are monitored at the corporate level and the progress made.

Goal

Other, please specify (Reduce environmental impacts of water use)

Level

Company-wide

Motivation

Reduced environmental impact

Description of goal

Minimize environmental impacts associated with water use and water discharge from Lenovo operations and products.

Baseline year

2018

Start year

2018

End year

2019

Progress

In this response, 2018 indicates FY18/19 and 2019 indicates FY19/20. This goal is important to Lenovo because it supports Lenovo's ambition to maintain operational control over water use and strive towards improved water security. At this stage Lenovo is implementing this objective by monitoring water withdrawals and discharges company-wide, setting annual targets for these metrics, and beginning to map the water risks associated with Lenovo facilities. The indicators that are used to track success are total volume water withdrawals and discharges. Operational control is considered a success if these volumes are maintained within a threshold of +/-5% from year to year as the company grows.

Goal

Reduce environmental impact of product in use phase

Level

Company-wide

Motivation

Climate change adaptation and mitigation strategies

Description of goal

Drive reduction in product energy use.

Baseline year

2018

Start year

2018

End year

2019

Progress

In this response, 2018 indicates FY18/19 and 2019 indicates FY19/20. This goal is important to Lenovo because it supports Lenovo ambition to develop increasingly energy efficient products as a benefit to our customers but also to reduce the greenhouse gas emissions associated with our products. Lenovo is implementing this long-term objective by setting annual targets for our business units. In FY19/20, five targets were set to support this goal. The most common indicator used to track success for this goal is energy efficiency, but other indicators include establishment of Scope 3 science-based targets. The threshold for success is improved energy efficiency from the previous product generation. This goal is tangentially related to water because, while our products do not directly interact with water, they consume energy from sources that rely on water.

Goal

Other, please specify (Reduce environmental impact of packaging)

Level

Company-wide

Motivation

Reduced environmental impact

Description of goal

Minimize packaging material consumption while driving the use of environmentally sustainable materials.

Baseline year

2018

Start year

2018

End year

2019

Progress

In this response, 2018 indicates FY18/19 and 2019 indicates FY19/20. This goal is important to Lenovo because it supports Lenovo's ambition to produce less packaging waste and to prioritize sustainable materials in an effort to minimize the environmental impacts of our products. In FY19/20, two targets were set to support this goal. Lenovo is implementing this long-term objective by promoting bulk packaging for data center products and reducing the packaging weight. The main indicator used to track success for this goal is packaging weight or volume. The threshold for success is packaging volume or weight reductions of 5% or greater. This goal can have positive water-related impacts downstream; if less waste is produced, it is less likely for mismanaged waste to end up in the environment/waterbodies.

Goal

Other, please specify (Reduce energy use and emissions)

Level

Company-wide

Motivation

Reduced environmental impact

Description of goal

Maximize energy efficiency and minimize CO2e emissions associated with the development, manufacture and delivery of Lenovo products.

Baseline year

2018

Start year

2018

End year

2019

Progress

In this response, 2018 indicates FY18/19 and 2019 indicates FY19/20. This goal is important to Lenovo because it supports Lenovo's ambitions to slow and lessen climate change which is important to many of our customers. In FY19/20, four targets were set to support this goal. Lenovo is implementing this long-term objective by improving energy use at manufacturing and R&D sites, increasing purchases of renewable energy, and increasing on-site generation of renewable energy. The main indicators used to track success for this goal is energy intensity, MW of energy, and tons of CO2e emissions. The threshold for success is reduced energy intensity from year to year, increased renewable energy purchased and installed, and decreased CO2e emissions. This goal is tangentially related to water because climate change is and will affect the distribution of water and the occurrences of extreme weather events.

W9. Verification

W9.1

(W9.1) Do you verify any other water information reported in your CDP disclosure (not already covered by W5.1a)?

Yes

W9.1a

(W9.1a) Which data points within your CDP disclosure have been verified, and which standards were used?

Disclosure module	Data verified	Verification standard	Please explain
W1 Current state	Lenovo's Water withdrawal and water discharge totals are verified by a third-party. In FY19/20, the data was verified by TÜV SÜD. In W1, the verified data was used to answer W1.2b, W1.2h, and W1.2i.	ISAE 3000	Lenovo chooses to verify energy, water and waste data. Lenovo verifies this data because the data is used to set targets and objectives and is reported externally so having accurate, verified data is important. Furthermore, energy and waste data are used to determine emissions data. These verifications are completed annually (following the end of each fiscal year) and the scope is company-wide, according to the reporting boundary and exclusions mentioned in 0.5 and 0.6a, respectively.

W10. Sign off

W-FI

(W-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

W10.1

(W10.1) Provide details for the person that has signed off (approved) your CDP water response.

	Job title	Corresponding job category
Row 1	Chief Corporate Responsibility Officer (at Lenovo this role is synonymous with a Chief Sustainability Officer)	Chief Sustainability Officer (CSO)

W10.2

(W10.2) Please indicate whether your organization agrees for CDP to transfer your publicly disclosed data on your impact and risk response strategies to the CEO Water Mandate's Water Action Hub [applies only to W2.1a (response to impacts), W4.2 and W4.2a (response to risks)].

No

SW. Supply chain module

SW0.1

(SW0.1) What is your organization's annual revenue for the reporting period?

	Annual revenue
Row 1	50716000000

SW0.2

(SW0.2) Do you have an ISIN for your organization that you are willing to share with CDP?

Yes

SW0.2a

(SW0.2a) Please share your ISIN in the table below.

	ISIN country code	ISIN numeric identifier (including single check digit)
Row 1	HK	0992009065

SW1.1

(SW1.1) Could any of your facilities reported in W5.1 have an impact on a requesting CDP supply chain member?

No facilities were reported in W5.1

SW1.2

(SW1.2) Are you able to provide geolocation data for your facilities?

	Are you able to provide geolocation data for your facilities?	Comment
Row 1	Yes, for all facilities	Lenovo has addresses and approximate latitude and longitude coordinates for all their facilities. This includes all manufacturing, research and development and large offices sites mentioned throughout our CDP responses for which geolocation data is being provided under SW1.2a. In addition, we have geolocation data for our small office sites (<100 employees) but since our small offices represent a very minor portion of our water use and are not directly included in our disclosures under this survey, small office geolocation data is not included in SW1.2a.

SW1.2a

(SW1.2a) Please provide all available geolocation data for your facilities.

Identifier	Latitude	Longitude	Comment
Wuhan	30.6	114.3	Manufacturing
Hefei	31.78	117.21	Manufacturing
Beijing New Headquarters	40.05	116.27	R&D
Shenzhen MFG	22.66	114.04	Manufacturing
Beijing R&D	39.91	116.39	R&D
Morrisville R&D	35.86	-78.83	R&D
Shenzhen R&D	22.54	113.95	R&D
Huiyang	22.79	114.47	Manufacturing
NEC Gunma	36.39	139.06	Manufacturing
Xiamen R&D	24.47	118.09	R&D
Shanghai Zhangjiang	31.23	121.49	R&D
Monterrey	25.79	-100.17	Manufacturing
Chengdu	30.68	104.06	Manufacturing
Beijing Call Center	39.92	116.71	Large Office
Tokyo HQ	35.68	139.75	R&D
Chicago	41.89	-87.64	R&D
NEC Yonezawa	37.92	140.11	Manufacturing
Morrisville - Large Office	35.86	-78.83	Large Office
Jaguariuna	-22.71	-46.98	Large Office
Medion	51.46	7.06	R&D
Indaiatuba	-23.23	-47.34	Manufacturing
Pondicherry	11.87	79.79	Manufacturing
Taipei	25.04	121.56	R&D
Chengdu Software Park	30.68	104.06	R&D
Whitsett	36.05	-79.59	Manufacturing
Dalian - Finance	38.89	121.54	Large Office
Bucharest	44.48	26.1	Large Office
Santa Clara	37.38	-121.98	R&D
Chengdu Office	30.68	104.06	Large Office
Bangalore Ferns	12.98	77.59	R&D
Nanjing Software Park	32.04	118.78	R&D
Dalian	38.9	121.54	Large Office
Markham	43.82	-79.35	Large Office
Paris/Rueil-Malmaison	48.89	2.17	Large Office
Mexico City	19.38	-99.26	Large Office
Sao Paulo	-23.51	-46.71	Large Office
Sao Paulo MM	-23.59	-46.69	Large Office
Chennai	13.1	80.2	Manufacturing
Guangzhou	23.13	113.26	Large Office
Stuttgart	48.74	9.11	Large Office
Moscow	55.69	37.54	Large Office
Kuala Lumpur	3.1	101.61	Large Office
Yokohama	35.46	139.63	R&D
Singapore	1.35	103.86	Large Office
Kanagawa Headquarters	35.59	139.63	R&D
Kanagawa R&D	35.58	139.64	R&D
Bangalore - Motorola	12.98	77.59	Large Office
Basingstoke	51.29	-1.07	Large Office
Bratislava	48.14	17.13	Large Office
Buenos Aires	-34.61	-58.45	Large Office
Chatswood	-33.85	151.22	Large Office
Dubai	25.1	55.18	Large Office
Glasgow 2	55.87	-4.37	Large Office
Hong Kong	22.28	114.21	Large Office
Omori	35.59	139.74	Large Office

SW2.1

(SW2.1) Please propose any mutually beneficial water-related projects you could collaborate on with specific CDP supply chain members.

Requesting member

Alphabet, Inc.

Category of project

Other

Type of project

Other, please specify (Lenovo does not have a specific project in development with this customer but would be interested in any collaborative efforts in this drop down menu that proved feasible and to have a positive impact on our value chain's water security.)

Motivation

Improve water use and water impacts within our value chain.

Estimated timeframe for achieving project

Other, please specify (The timeframe for achieving a project would be dependent on the type and scope of the project.)

Details of project

Lenovo does not have a specific project in development with this customer but, as Lenovo is actively looking for ways to engage with our value chain, we would investigate ways in which we could collaborate to work towards a more water secure future. At this point Lenovo would consider any category or type of project with any time frame.

Projected outcome

Lenovo would be looking for projects that would increase the water security of our value chain and/or the communities in which we and our customers are located.

Requesting member

Caixa Econômica Federal

Category of project

Other

Type of project

Other, please specify (Lenovo does not have a specific project in development with this customer but would be interested in any collaborative efforts in this drop-down menu that proved feasible and to have a positive impact on our value chain's water security.)

Motivation

Improve water use and water impacts within our value chain.

Estimated timeframe for achieving project

Other, please specify (The timeframe for achieving a project would be dependent on the type and scope of the project.)

Details of project

Lenovo does not have a specific project in development with this customer but, as Lenovo is actively looking for ways to engage with our value chain, we would investigate ways in which we could collaborate to work towards a more water secure future. At this point Lenovo would consider any category or type of project with any time frame.

Projected outcome

Lenovo would be looking for projects that would increase the water security of our value chain and/or the communities in which we and our customers are located.

Requesting member

California Department of General Services (DGS)

Category of project

Other

Type of project

Other, please specify (Lenovo does not have a specific project in development with this customer but would be interested in any collaborative efforts in this drop-down menu that proved feasible and to have a positive impact on our value chain's water security.)

Motivation

Improve water use and water impacts within our value chain.

Estimated timeframe for achieving project

Other, please specify (The timeframe for achieving a project would be dependent on the type and scope of the project.)

Details of project

Lenovo does not have a specific project in development with this customer but, as Lenovo is actively looking for ways to engage with our value chain, we would investigate ways in which we could collaborate to work towards a more water secure future. At this point Lenovo would consider any category or type of project with any time frame.

Projected outcome

Lenovo would be looking for projects that would increase the water security of our value chain and/or the communities in which we and our customers are located.

Requesting member

Fujitsu Limited

Category of project

Other

Type of project

Other, please specify (Lenovo does not have a specific project in development with this customer but would be interested in any collaborative efforts in this drop-down menu that proved feasible and to have a positive impact on our value chain's water security.)

Motivation

Improve water use and water impacts within our value chain.

Estimated timeframe for achieving project

Other, please specify (The timeframe for achieving a project would be dependent on the type and scope of the project.)

Details of project

Lenovo does not have a specific project in development with this customer but, as Lenovo is actively looking for ways to engage with our value chain, we would investigate ways in which we could collaborate to work towards a more water secure future. At this point Lenovo would consider any category or type of project with any time frame.

Projected outcome

Lenovo would be looking for projects that would increase the water security of our value chain and/or the communities in which we and our customers are located.

Requesting member

Imperial Brands

Category of project

Other

Type of project

Other, please specify (Lenovo does not have a specific project in development with this customer but would be interested in any collaborative efforts in this drop-down menu that proved feasible and to have a positive impact on our value chain's water security.)

Motivation

Improve water use and water impacts within our value chain.

Estimated timeframe for achieving project

Other, please specify (The timeframe for achieving a project would be dependent on the type and scope of the project.)

Details of project

Lenovo does not have a specific project in development with this customer but, as Lenovo is actively looking for ways to engage with our value chain, we would investigate ways in which we could collaborate to work towards a more water secure future. At this point Lenovo would consider any category or type of project with any time frame.

Projected outcome

Lenovo would be looking for projects that would increase the water security of our value chain and/or the communities in which we and our customers are located.

Requesting member

J Sainsbury Plc

Category of project

Other

Type of project

Other, please specify (Lenovo does not have a specific project in development with this customer but would be interested in any collaborative efforts in this drop-down menu that proved feasible and to have a positive impact on our value chain's water security.)

Motivation

Improve water use and water impacts within our value chain.

Estimated timeframe for achieving project

Other, please specify (The timeframe for achieving a project would be dependent on the type and scope of the project.)

Details of project

Lenovo does not have a specific project in development with this customer but, as Lenovo is actively looking for ways to engage with our value chain, we would investigate ways in which we could collaborate to work towards a more water secure future. At this point Lenovo would consider any category or type of project with any time frame.

Projected outcome

Lenovo would be looking for projects that would increase the water security of our value chain and/or the communities in which we and our customers are located.

Requesting member

Microsoft Corporation

Category of project

Other

Type of project

Other, please specify (Lenovo does not have a specific project in development with this customer but would be interested in any collaborative efforts in this drop-down menu that proved feasible and to have a positive impact on our value chain's water security.)

Motivation

Improve water use and water impacts within our value chain.

Estimated timeframe for achieving project

Other, please specify (The timeframe for achieving a project would be dependent on the type and scope of the project.)

Details of project

Lenovo does not have a specific project in development with this customer but, as Lenovo is actively looking for ways to engage with our value chain, we would investigate ways in which we could collaborate to work towards a more water secure future. At this point Lenovo would consider any category or type of project with any time frame.

Projected outcome

Lenovo would be looking for projects that would increase the water security of our value chain and/or the communities in which we and our customers are located.

Requesting member

Nokia Group

Category of project

Other

Type of project

Other, please specify (Lenovo does not have a specific project in development with this customer but would be interested in any collaborative efforts in this drop-down menu that proved feasible and to have a positive impact on our value chain's water security.)

Motivation

Improve water use and water impacts within our value chain.

Estimated timeframe for achieving project

Other, please specify (The timeframe for achieving a project would be dependent on the type and scope of the project.)

Details of project

Lenovo does not have a specific project in development with this customer but, as Lenovo is actively looking for ways to engage with our value chain, we would investigate ways in which we could collaborate to work towards a more water secure future. At this point Lenovo would consider any category or type of project with any time frame.

Projected outcome

Lenovo would be looking for projects that would increase the water security of our value chain and/or the communities in which we and our customers are located.

Requesting member

Wal Mart de Mexico

Category of project

Other

Type of project

Other, please specify (Lenovo does not have a specific project in development with this customer but would be interested in any collaborative efforts in this drop-down menu that proved feasible and to have a positive impact on our value chain's water security.)

Motivation

Improve water use and water impacts within our value chain.

Estimated timeframe for achieving project

Other, please specify (The timeframe for achieving a project would be dependent on the type and scope of the project.)

Details of project

Lenovo does not have a specific project in development with this customer but, as Lenovo is actively looking for ways to engage with our value chain, we would investigate ways in which we could collaborate to work towards a more water secure future. At this point Lenovo would consider any category or type of project with any time frame.

Projected outcome

Lenovo would be looking for projects that would increase the water security of our value chain and/or the communities in which we and our customers are located.

SW2.2

(SW2.2) Have any water projects been implemented due to CDP supply chain member engagement?

No

SW3.1

(SW3.1) Provide any available water intensity values for your organization's products or services.

Product name

ThinkCentre X1

Water intensity value

6.247

Numerator: Water aspect

Water consumed

Denominator

the production and use of one unit of the ThinkCentre X1

Comment

Lenovo's Desktop Development team partnered with RDC Environment (a subsidiary corporation of Intertek) to utilize the Instant LCA™ Electronics Tool which follows the principles and requirements of ISO14040 & 14044. The tool is based on a full LCA model encompassing all life cycle stages from extraction of raw materials to product end-of-life & includes the manufacturing of the components, assembly, & transportation of electronics. Lenovo conducted a pilot of the tool to develop a product water footprint for our flagship All-in-One product the ThinkCentre X1. The result of the project showed that production & use of one unit of the ThinkCentre X1 is associated with the consumption of approx. 6.247 cubic meters of water (+/-0.9046). The exercise also shed light on the most significant impacts to water consumption during the lifecycle which are estimated to be related to the components of the mainboard production, the display production, the assembly phase, & use phase of the product.

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	I am submitting to	Public or Non-Public Submission	Are you ready to submit the additional Supply Chain Questions?
I am submitting my response	Investors Customers	Public	Yes, submit Supply Chain Questions now

Please confirm below

I have read and accept the applicable Terms