



# Sustainability

Sustainability is an integral part of Li & Fung's business, and our Sustainability Strategy has continued to evolve since its introduction in 2011. Our industry also continues to develop as worker safety, health and well-being, climate change, resource scarcity, and increasing demands for transparency and accountability, become issues driving change in how we do business and how we engage with our customers, suppliers, and communities.

Our Sustainability Strategy guides our actions towards 2016 and is built on four pillars: supply chain sustainability; our people; our footprint; and our communities. Examples of our ongoing efforts to transform how we work at Li & Fung and effect change within our industry and the communities in which we live and work are highlighted below.

## Supply Chain Sustainability

Our initiatives to enhance supply chain sustainability focus on partnering with our customers and suppliers to add value along our supply chains by: (1) managing risk and furthering compliance, (2) sourcing responsibly, and (3) collaborating for more sustainable supply chains.

We continue to implement our risk management and compliance framework, spearheaded by our *Code of Conduct for Suppliers* and its companion *Supplier Compliance Manual*. Our framework is based on global industry standards, and implemented through our rigorous assessment and auditing tools and compliance scorecards. The implementation of that framework is supported by global training, guidance, online tools and resources, and tailored capacity-building programs for our suppliers.

We support our customers' specific sustainability strategies and we direct our business to strategic suppliers that share our commitment to responsible sourcing. For instance, we offer sourcing options ranging from organic cotton to recycled material inputs and Forest Stewardship Council™ (FSC™)<sup>1</sup> – certified wood and packaging.

<sup>1</sup> FSC license number FSC-C022427

We are actively engaged with our industry peers to set common standards and work collaboratively to enhance sustainability and bring value to our supply chains through initiatives with Business for Social Responsibility, the Sustainable Apparel Coalition, and the Global Social Compliance Programme. Since 2013, we continue to expand our fire safety program for vendors, and to work with our customers to improve conditions through the Alliance for Bangladesh Worker Safety and the Bangladesh Accord on Fire and Building Safety.

## Our People

Our people power our business and we are committed to their well-being and to supporting their growth and development. As part of that commitment: (1) we have rolled out a core engagement initiative called, "Connect, Appreciate, Respond and Encourage", (2) we have programs that provide care and support for the well-being of our people, and (3) we have initiatives that help our people build rewarding long-term careers at Li & Fung.

We actively engage our people to connect, communicate and share, both in person and through our online communities, to build our vision of one global family. We encourage our leaders to embrace the values that drive our business, and invest in our people by providing training and leadership opportunities for them to grow, learn, and develop as they build their careers at Li & Fung.

## Our Footprint

We manage our operations responsibly to reduce our environmental impact and raise awareness to effect change. We focus on: (1) designing and building sustainable workplaces, (2) responsibly managing our operations, and (3) supporting our people to champion positive change.

Responsibly managing our carbon footprint continues to be a priority for Li & Fung and we have initiatives in place to: build and maintain sustainable offices and facilities; reduce our consumption of electricity, fuel, water, refrigerants, paper and other resources; retrofit our offices with efficient equipment, lighting and other fixtures; and share best practices and offer support to both our people, to reduce consumption, and to our vendors, to implement resource-saving opportunities.

## Our Communities

The initiatives under the community pillar are designed to engage and empower our people to meaningfully contribute to the communities where we live and work. We focus on: (1) strategically supporting the needs of communities where we live and work, (2) providing resources to support our people who want to make a difference, and (3) sharing knowledge and taking action that demonstrate our commitment.

Working together with our customers, vendors and community partners to create positive impacts along our supply chain and in the communities around the world where we live and do business, remains a strategic priority for our company. We support our people who actively organize meaningful, hands-on initiatives to support local needs. For instance, raising awareness and providing support for issues related to health and well-being, donating items to people in need, conducting community-focused environmental campaigns, and providing disaster relief, among others. We also want to positively contribute to the lives of students and young people by sharing our time and expertise through career workshops, job shadowing, mentorships and internships.

Growing a sustainable business is one of three focus areas of our Three-Year Plan and a significant factor in how we contribute to economic development around the world and to the well-being of those along our supply chains. On our journey towards creating a more sustainable business, we are building on the solid foundation established by our Sustainability Strategy to enhance our tools, resources and partnerships, and achieve more impactful change. At Li & Fung, making a difference is embedded in our values. Conducting our business transparently and sourcing responsibly, is simply good business.