Our footprint

We responsibly manage our operations to reduce our impact and raise awareness to champion change.

Our footprint

Taking action to reduce the environmental impact of our operations is a priority. 2014 marks the fifth year of implementing our holistic Sustainability Strategy, which was first formalized in 2009. Over the years, the strategy has raised our colleagues' sustainability awareness and enabled the company to make significant progress.

We believe in our people and support them to champion change.

Environmental Awareness

At Li & Fung we appreciate the importance of not only raising the awareness of our people to understand our environmental impact, but also to inspire and support them to take action to reduce our footprint.

We have been sharing and implementing energy, water, paper and other resource-saving opportunities across our businesses, implementing our *Green Meeting Guidelines* to reduce energy use, consumption and wastage during internal and external meetings, and increasing our use of video conferencing to reduce overall travel. In 2014, we revamped our internal communications channel, known as One Family, with new interactive features to enable our 26,000 employees around the world to stay connected with one another and share their best practices on environmental protection.

Our commitment is exemplified by our manufacturing facility in Thailand where a comprehensive program has been implemented to raise employee awareness and engagement on sustainability since 2011. As a result, the facility has been awarded a number of awards and certificates from the Thai government in recognition of its achievements, including the Good Environmental Governance Award and the Green Industry Certificate by the Ministry of Industry (Thailand) for the third consecutive year. In 2014 the facility was awarded Level 4 out of 5. No company has achieved Level 5 out of 5.

Going forward we will continue to support our people to make a difference by reducing environmental impact in their personal and professional lives, as well as in our communities around the world.

Sustainable Design

Integrating sustainability features into how we design, build and renovate our spaces – our offices, warehouses, distribution centers and manufacturing facilities – is an integral part of our effort to reduce our footprint and maintain a healthy, safe and aesthetically-pleasing working environment for our people. Throughout our workplaces we maintain ergonomically-sound work areas and resource-efficient equipment and fixtures, and select building and interior fit-out materials, furniture and other items, as directed by our *Sustainable Design, Construction and Renovation Guidelines for New Construction, Major Renovation and Commercial Interiors* and to meet third-party certification requirements.

As of 2014, we have a total of 12 LEED[1]/BREEAM[2] certifications[3], including one platinum, five gold and five silver LEED certifications, and in addition, a Silver Class Green Building certification for our Rui Fang distribution center in Taiwan. Examples of what we have implemented in our workplaces are provided in the tables on pages 96 and 97.

We design and build sustainable workplaces.

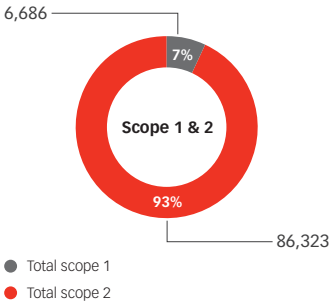
Resource Management

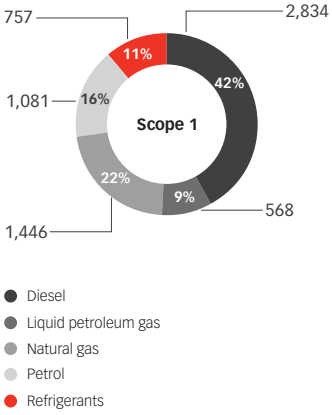
Our Reporting Scope

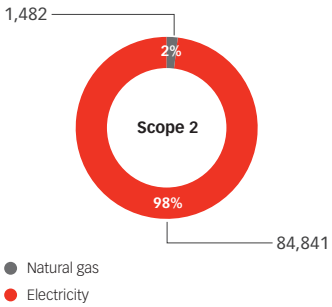
Over the years, we have reported on our sustainability performance including year-on-year comparisons of environmental metrics for our Trading Network against our initial 2010 baseline. In 2013 we also disclosed environmental metrics for our Distribution and Logistics Networks. 2014 marks the first year of our new Three-Year Plan and the integration of some of the

1 *Leadership in Energy and Environmental Design (LEED).*
2 *Building Research Establishment Environmental Assessment Method (BREEAM).*
3 *With the spinoff of Global Brands, 2 LEED certifications that were previously reported are no longer part of Li & Fung's operations.*

Li & Fung's 2014 Greenhouse Gas Emissions by Scope and Source in tCO2e[8]







Distribution[4] Network into our Trading business, which along with our Logistics business, now comprise Li & Fung's business following the spin-off of the Global Brands Group Holding Limited (Global Brands)[5] in July 2014.

For 2014, we disclose the environmental performance of Li & Fung, with and without Global Brands[6] in the graphs on page 95 under 'Our environmental performance at-a-glance'. Results for Li & Fung as a whole, and for the Trading and Logistics businesses, as presented in the table on the same page, comprise our new baseline for measuring environmental performance across the current Three-Year Plan.

Improving Energy Efficiency and Reducing Emissions

At Li & Fung we understand the physical and financial challenges associated with climate change and its resulting effects on our business and communities around the world. Resource availability and changes in weather are already impacting the sourcing and delivery of goods and services in our industry. We consider these risks in the procurement and consumption of resources, in material sourcing and product manufacturing, and in the transportation of products to our customers.

Within our operations we are committed to responsibly managing our footprint. Our consumption of energy and the nature of our air and greenhouse gas (GHG) emissions globally are characterized by our Trading business having over 150 offices and six manufacturing facilities, and our Logistics business with over 150 distribution centers and warehouses (DCs). For all of our facilities, systems are in place to monitor consumption and emissions. All facilities operated in compliance with relevant regulatory requirements in 2014.

Our electricity consumption metrics and our Scope 1 and 2 GHG emissions are presented on page 95. Data is provided for 2014 on a separate basis for both Trading and Logistics and on a consolidated basis for Li & Fung as a whole. We calculate our GHG emissions according to international standards as well as the appropriate national and local guidelines[7] and emission factors. Scope 1 comprises emissions from the consumption of fuel by company-owned vehicles and boilers and of refrigerants by chillers. Scope 2 emissions arise from purchased electricity and natural gas for heating and cooling.

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4 Li & Fung's Distribution Network included the manufacturing facilities operated by Li & Fung in Bangkok, Kuala Lumpur, Jakarta and Dongguan, as well as business entities that became part of Global Brands.

5 Global Brands comprises business entities that had previously been part of the Li & Fung Trading and Distribution Networks.

6 Li & Fung's results for the third and fourth quarters of 2014 account for the spinoff of Global Brands as of July 2014. Li & Fung's new baseline going forward for the year 2014 is therefore not directly comparable to the company's 2013 performance results.

7 Standards and guidelines adopted include the International Energy Agency's CO_2 Emissions from Fuel Combustion, The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard, the Defra Voluntary Reporting Guidelines and the Hong Kong Government's Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings.

8 Tons CO_2 equivalent (tCO2e).

We manage our resources responsibly.

We continue to implement best practices, as outlined in the tables on pages 96 and 97, to reduce the overall energy and GHG intensity of our operations and to improve the fuel efficiency of our vehicles. As a result of capital investments and behavioral change, our efficiency measures have enabled our Trading business to achieve year-on-year reductions in the intensity of our electricity consumption and GHG emissions from 2011 to 2013. With our new baseline in 2014, we attribute reductions in absolute electricity consumption and GHG emissions within our Trading business to the conversion of six factories in Shanghai and Shenzhen to offices or sample rooms, and the spin-off of 24 offices that consumed natural gas for heating to Global Brands. Absolute electricity consumption and GHG emissions increased slightly for the Logistics business, reflecting the addition of new distribution centers and/or warehouses in Hong Kong, Korea, Malaysia and Taiwan, and increased consumption of petrol and diesel by an expanded vehicle fleet.

Building on the significant progress previously achieved, our new targets are to reduce the intensity of both our GHG emissions and electricity usage by 10% by 2016, against our baseline of 2014. To achieve our targets, we will continue to evaluate and implement energy-saving measures to reduce our contribution to global climate change.

Efficiently Using Resources and Reducing Waste

Resources such as energy, water and raw materials are essential inputs to our business. Li & Fung is committed to using resources wisely and efficiently and reducing waste generation within our own operations.

Throughout all of our operations, we have been progressively implementing water-efficiency measures, ranging from the installation of water-efficient faucets, fixtures and fittings in our offices and equipment in our facilities, to the behavioral change of our people. This has enabled us to achieve year-on-year intensity reductions in water usage within our Trading business from 2011 to 2013, despite water consumption increasing in absolute terms as

our operations expanded. In 2013 and against our baseline of 2010, consumption intensity reduced by 5% per person within Trading. With our new baseline of 2014, absolute water consumption reduced within Logistics. An increase within our Trading business is attributed to an expansion of business volume within our manufacturing facilities in Malaysia and Indonesia. Within our manufacturing facilities, systems are in place to reduce water consumption and waste generation in the production process, to treat and monitor wastewater discharges, and to handle, store and dispose of chemical and solid materials and waste. In 2014, all facilities operated in compliance with regulatory requirements.

Our offices use paper that is certified by a Forest Stewardship Council™ (FSC™) accredited certification body as being from mixed, responsible sources. In addition, we provide products that comprise materials, including wood, paper, cardboard and/or packaging that are verified to be from FSC[9] or PEFC[10] certified sources. The ongoing efforts of our people to reduce paper usage contributed to both an overall absolute reduction and year-on-year intensity reductions within Trading from 2011 to 2013, against our 2010 baseline. In 2013 paper consumption intensity had reduced by 28% per person over this baseline. The absolute reduction achieved in 2014 is primarily due to reductions in paper consumption, but also attributed to the spin-off of Global Brands.

All of our offices and facilities seek to minimize waste generation and maximize reuse and recycling. In Hong Kong, we reviewed our recycling program and enhanced the capture of our recyclables, including used paper, printer/copier toners, packaging, aluminum cans and plastic bottles for recycling by both a local company and social enterprises. For seven of our Hong Kong offices, we continue to maintain our 'Class of Excellence' recognition under the Hong Kong government's Wastewi$e scheme. At our manufacturing facilities, various measures have been implemented to better manage materials and minimize waste generation, ranging from flexible processing lines that adapt for multiple product runs to lean manufacturing projects to reduce consumption and waste, to the proper handling, storage and disposal of materials and chemicals to meet legal and REACH[11] requirements. Furthermore, our manufacturing and logistics facilities reuse and recycle pallets made from plastic and wood-based materials, recycle waste materials and minimize packaging for the internal storage and delivery of finished goods.

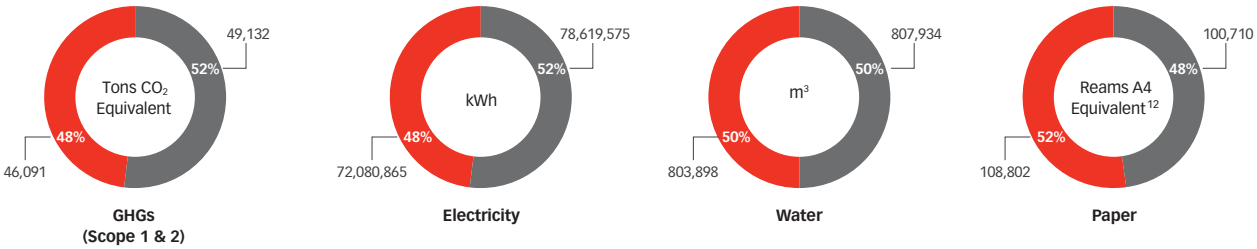
Metrics for our water and paper consumption are presented on page 95.

We will continue to review our performance, implement measures and support our people to use resources efficiently and responsibly and to reduce waste generation. Our targets are to reduce water intensity by 5% and paper and waste intensity by 10% by 2016 over our 2014 baseline.

9 FSC license numbers FSC-C11027, FSC-C113132, FSC-C114681 and FSC-C116575.
10 Programme for the Endorsement of Forest Certification (PEFC).
11 European Regulation on Registration, Evaluation, Authorisation and Restriction of Chemicals.

Our Environmental Performance At-a-Glance

2014 Consumption Attributable to Li & Fung



- Li & Fung – Q1 & Q2 2014
- Li & Fung – Q3 & Q4 2014 post spinoff

Li & Fung's 2014 Consumption and Baseline, and 2016 Intensity Reduction Targets

	Li & Fung			
	Trading	Logistics	2014 Totals	Intensity Reduction Targets for 2016
GHGs	Tons Co_2 Equivalent			
Scope 1	*5,615*	*1,071*	*6,686*	
Scope 2	*61,458*	*24,865*	*86,323*	-10%
Total GHGs	67,073	25,936	93,009	
	kWh			
Electricity	105,218,953	42,826,155	148,045,108	-10%
	m^3			
Water	1,302,998	303,835	1,606,833	-5%
	Reams A4 Equivalent[12]			
Paper	111,930	93,835	205,765	-10%

12 Includes consumption of A4-sized paper and estimations for letter and A3 equivalents.

Examples of Footprint Reduction Initiatives Adopted by Li & Fung

Trading – Offices

Footprint Reduction Initiatives

- Retrofitting T-8 and halogen lighting with energy-efficient LED, T-5 and CFL alternatives and maintaining appropriate lux levels
- Refurbishing modular working areas to create aesthetically-pleasing, open-plan office spaces that maximize natural lighting and feature ergonomically-sound stand-up work desks, spaces for collaboration and accessible meeting areas
- Optimizing performance and energy-efficient retrofits of chillers and ventilation systems
- Turning off lights, computers, monitors and printers when not in use
- Implementing an automatic computer and lighting shutdown policy outside of working hours
- Consolidating and installing energy-efficient servers, photocopiers, printers, LED monitors and other equipment
- Maintaining office and server room temperatures at levels that minimize energy use
- Using renewable energy where feasible; photovoltaic panels generate a portion of our Istanbul office's electricity demand

For the recent fit-out of six new office floors in Shanghai, a number of environmentally-responsible elements were adopted. These include: LED lighting and individual task lights with separate switches for workbenches, energy-efficient variable refrigerant volume (VRV) air conditioning systems, carpet floor tiles that are third-party certified as carbon neutral and emitting very low levels of volatile organic compound (VOC) emissions, and workbench and cabinet particleboard furniture that is both produced by manufacturers and comprises materials from sources that are third-party certified[13].

Logistics – Offices & DCs

Footprint Reduction Initiatives

- Continuing to implement Logistics' Lean Transport initiative that includes:
  - > Improving route planning to reduce fuel consumption and GHG emissions
  - > Maximizing vehicle loads, minimizing truck mileage, reducing empty vehicle returns and consolidating customer deliveries
  - > Optimizing the proximity of DC facilities to supplier and customer locations
  - > Phasing out pre-Euro IV diesel commercial vehicles
- Installing LED lighting in newly-built warehouses and replacing existing halogen lighting with LED in restructured warehouses

13 The manufacturer has Programme for the Endorsement of Forest Certification (PEFC) Chain of Custody Certification and the particleboard comprises rubber wood certified to the European SUPER E0, E1 class environmental standard.

Examples of Footprint Reduction Initiatives Adopted by Li & Fung (continued)

Trading – Manufacturing Facilities

Footprint Reduction Initiatives

- Adopting environmentally-responsible and efficient technologies and systems to reduce energy consumption and GHG emissions, which include:
  - > Retrofitting T-8 lighting with more energy-efficient T-5 lighting and installing motion and daylight sensors
  - > New purpose-built hot rooms with more efficient air circulation and thermostatic control
  - > Cooling product formulations below 35°C and automating the cooling schedule to reduce energy consumption
  - > Upgrading heating and cooling systems in the component warehouse to improve efficiency
  - > Installing inverters to control the speed of the air handling unit (AHU) fans and variable frequency drives (VFD) for air conditioning units
  - > Installing more efficient air compressors with software control
- Conducting energy assessments as part of all capital expenditure upgrades to ensure energy-efficient equipment, fixtures and features are adopted
- Reducing the consumption of water, oil and chemicals, by optimizing and upgrading production and wastewater treatment processes and adopting oil-free compressors, which also require less maintenance
- Implementing environmental management systems (EMS) that are certified to the ISO 14001 EMS standard at our manufacturing facilities in Bangkok, Dongguan, Jakarta and Kuala Lumpur
- Our manufacturing facility in Trowbridge in the United Kingdom, which is audited to both Soil Association and Ecocert organic standards, has been recognized as a Marks & Spencer ECO Factory since 2011 and as a Sedex[14] member since 2004. The facility is also annually audited to meet the requirements of the Sedex Members Ethical Trade Audit (SMETA)

With support from the Department of Alternative Energy Development and Efficiency of the Thai Ministry of Energy, our manufacturing facility in Thailand has implemented a solar thermal project that uses a hybrid system to combine energy from solar thermal collectors with waste heat from an economizer unit to generate hot water for the boiler to produce steam for use in the production process. The benefits of adopting this efficient technology include reduced consumption of energy and water and the elimination of the need to consume liquid petroleum gas (LPG) for the boiler, resulting in savings of over US$16,000 per year in fuel cost and reduced air and GHG emissions.

14 www.sedexglobal.com