

Our Environmental Performance at a Glance

Our Reporting Scope and Baseline

2018 marks the second year of our current Three-Year Plan and of capturing environmental data more comprehensively across our global business. Our reporting scope¹ covers over 230 offices and 280 DCs².

As previously reported and in 2017, our absolute resource consumption and GHG emissions data increased, as did our intensity metrics, over data reported in 2016. This was a result of capturing more consumption data in our system globally and the expansion of our logistics business. We reset a higher consumption and intensity baseline in 2017 to reflect a more accurate state of our operations and our reporting scope but we did not modify our goal to reduce our overall footprint for our current Three-Year Plan. We continue to work towards achieving the same intensity reduction targets that we previously set for 2019.

Our reporting scope for 2018 includes the Company's Services and Products business segments and our environmental performance metrics are presented below. In 2018, our electricity consumption and our GHG emissions decreased in absolute quantities and in intensity. Increases in consumption as result of the expansion of our logistics business were offset by the consolidation of our business activities and the closure of some offices. Ongoing investments in efficient equipment, technologies, systems and vehicular fleets, as well as behavioral change, contribute to our energy conservation efforts. Despite our efforts to consume resources efficiently, our global water and paper consumption increased in 2018, in both absolute quantity and intensity³. As noted above, this is primarily due to the increased capture of consumption data across our global operations and an expansion of our Logistics business.

Details of our **footprint reduction initiatives** and the composition of **our greenhouse gas emissions** are available on our website and you can also refer to pages 124-131 of our **2018 Annual Report**.

¹ With the strategic divestment of Li & Fung's three product vertical businesses, Furniture, Beauty and Sweaters, as announced in December 2017 and completed in April 2018, the reporting scope now comprises our Continuing Operations only.

² Environmental data captured includes operations where data is available; energy and water consumption that is not monitored separately by property management is not included.

³ Normalized per person based on full-time equivalent employee statistics in 2018.

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2018 Emissions and Consumption by Li & Fung Business Segment

The table below outlines our 2018 GHG emissions and our electricity, water and paper consumption data for Li & Fung by our Services and Products business segments.

	Services	Products
	Emissions / Consumption	Emissions / Consumption
Greenhouse Gas Emissions (GHGs)	Tons CO ₂ Equivalent (tCO ₂ e)	Tons CO ₂ Equivalent (tCO ₂ e)
Scope 1	6,064	1,273
Scope 2	42,632	1,427
Total GHGs	48,696	2,700
Resources		
Electricity	Kilowatt Hours (kWh) 85,029,826	Kilowatt Hours (kWh) 3,610,601
Water	Meters Cubed (m ³) 433,207	Meters Cubed (m ³) 14,884
Paper	Reams A4 Equivalent (Reams) 276,359	Reams A4 Equivalent (Reams) 30,758

2018 and 2017 Emissions and Consumption, Change and Intensity for Li & Fung

	2017		2018		Change 2018 over 2017 (+/-)	Intensity Change 2018 over 2017	Intensity Reduction Targets for 2019
	Total Emissions / Consumption	Intensities ⁴	Total Emissions / Consumption	Intensities ⁴			
Greenhouse Gas Emissions (GHGs)							
	Tons CO ₂ Equivalent (tCO ₂ e)	tCO ₂ e / m ²	Tons CO ₂ Equivalent (tCO ₂ e)	tCO ₂ e / m ²	Tons CO ₂ Equivalent (tCO ₂ e)	tCO ₂ e / m ²	
Scope 1	4,434	0.0019	7,337	0.0028	+2,903	-45%	
Scope 2	52,678	0.0227	44,058	0.0167	-8,620	-27%	-10%
Total GHGs	57,112	0.0246	51,395	0.0195	-5,717	-21%	
Resources							
Electricity	Kilowatt Hours (kWh) 93,662,075	kWh / m ² 40	Kilowatt Hours (kWh) 88,640,426	kWh / m ² 34	Kilowatt Hours (kWh) -5,021,649	kWh / m ² -17%	-10%
Water	Meters Cubed (m ³) 418,127	m ³ / FTE 20	Meters Cubed (m ³) 448,091	m ³ / FTE 24	Meters Cubed (m ³) +29,964	m ³ / FTE +24%	-5%
Paper	Reams A4 Equivalent (Reams) 212,964	Reams/ FTE 9.99	Reams A4 Equivalent (Reams) 306,758	Reams/ FTE 16.68	Reams A4 Equivalent (Reams) +93,794	Reams/ FTE +67%	-5%

⁴ Full-time equivalent (FTE) is used to normalize our global water and paper consumption data.

Our Environmental Performance at a Glance

As noted in our annual reports and for many years, each of our offices and DCs have sought to minimize waste generation, reuse materials and collect paper, packaging, printer/copier toners, aluminum cans, plastic bottles, pallets and other materials for recycling. In 2018, we donated a total of 809 items of electronic equipment in HK, including 385 desktop and 150 laptop computers, 259 monitors and 15 printers to support the work of Caritas Hong Kong to help those in need.

In Hong Kong, we have been recycling all of these materials through a variety of collectors over the years. In July 2017, we launched a focused program in our three office buildings in Lai Chi Kok and our office in Sha Tin and retained HKRecycles, a social enterprise, to ensure that all materials are collected, measured and sent to recycling processing companies.

The table below presents our waste and recyclables data, including quantity and intensity data, based on what has been collected at four of our buildings in Hong Kong in 2017 and 2018. Our solid and hazardous wastes are collected by licensed contractors to ensure the safe and proper disposal of these wastes in compliance with applicable, legal requirements.

In comparison with 2017, quantities of solid waste increased in 2018 and hazardous waste sent for treatment decreased. While we increased the capture of glass, metal and paper for recycling, quantities of plastic remained similar. Going forward, we will review our collection system and data capture and continue to raise awareness of the importance of reducing waste and ensuring recyclable materials are captured for recycling. We will continue to focus our efforts on raising awareness, reducing waste generation and increasing reuse and recycling. We are also reaching out to all of our global locations to begin tracking recyclables and waste management data so we can progressively move towards disclosure of global data.

2018 and 2017 Waste and Recyclables Quantities and Intensities for Hong Kong Operations

Li & Fung – Office operations in Hong Kong⁵

Waste	2017		2018		Change 2018 over 2017 (+/-)	Intensity Change 2018 over 2017
	Quantities Collected (kilograms (kgs))	Intensities (kgs / headcount ⁶)	Quantities Collected (kilograms (kgs))	Intensities (kgs / headcount ⁶)		
Solid Waste	386,271	124.13	530,168	230	+143,897	+46%
Hazardous Waste	449	0.14	223	0.10	-227	45%
Recyclables						
Glass	59	0.02	503	0.22	+444	+91%
Metal	90	0.03	104	0.05	+14	+33%
Paper	27,228	8.75	28,455	12.34	-1,227	+29%
Plastics	403	0.13	404	0.18	+0.74	+26%

⁵ Data presented include quantities of solid and hazardous waste and recyclables that were measured in 2018 and 2017 for Li & Fung's operations in three office buildings in Lai Chi Kok, and our office in Sha Tin, in Hong Kong.

⁶ Headcount, rather than full-time equivalent (FTE) employees, is used to normalize waste and recyclables data as this reflects the people who have positions with teams based in Hong Kong and who are also located in Hong Kong and therefore contributed to this waste generation and the capture of recyclables. Given that the majority of our waste and recyclables in Hong Kong is generated from office operations, headcount was selected as the appropriate normalizing factor.