

## Combatting Forced Labor Policy for Li & Fung's Supply Chain

### OUR COMMITMENT

Li & Fung is committed to upholding internationally recognized human rights and labor standards in our own operations and across our supply chain and proudly supports the International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work and the United Nation's Universal Declaration of Human Rights, and is reflected in Li & Fung's [Supplier Code of Conduct](#) (Supplier Code).

Li & Fung's Supplier Code of Conduct has a zero tolerance policy towards all forms of forced and trafficked labor which may result in permanently prohibiting suppliers from producing merchandise for Li & Fung or its customers. Our suppliers are required to strictly comply with the Supplier Code and ensure that no products or materials are produced, in whole or in part, using any form of forced labor, including next-tier suppliers and subcontractors.

The Li & Fung Policy on Combatting Forced Labor in the Supply Chain complements the requirements set forth in the Supplier Code to ensure that Li & Fung's supply chain is free from forced and trafficked labor and in compliance with local and national laws / regulations, the ILO's Core Conventions, and other relevant international standards. Suppliers must comply with the Policy as a condition of doing business with Li & Fung.

Li & Fung will review and update this policy at regular intervals to ensure compliance with changing laws and regulations

### SCOPE

This policy applies to all companies and undertakings of Li & Fung and is mandatory for all supply chain suppliers involved in the production of merchandise or any materials for Li & Fung and our customers.

### DEFINITIONS

Li & Fung defines forced labor in line with the following ILO Conventions:

**Forced Labour Convention No. 29:** "all work or service which is exacted from any person under the menace of any penalty and for which the said person has not offered himself (or herself) voluntarily". This includes:

- Prison Labor: Work performed by incarcerated individuals as a requirement of their sentence.
- Indentured Labor: Work performed by individuals contractually bound to their employer for a designated time period, usually in return for payment of travel and living expenses.
- Bonded Labor: Work performed by individuals who are subjected to loans that they are required to pay off through low wages by the lender and employer.

**Forced Labour Convention No. 105:** any form of forced or compulsory labor imposed by state authorities.

**Human trafficking** is defined by the United Nations as:

"The recruitment, transportation, transfer, harboring or receipt of persons, by means of the threat or use of force or other forms of coercion, of abduction, of fraud, of deception, of the abuse of power or of a position of vulnerability or of the giving or receiving of payments or benefits to achieve the consent of a person having control over another person, for the purpose of exploitation."

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### REQUIREMENTS

- **Supplier will not use any form of forced labor**, including involuntary, bonded, trafficked, state-imposed, indentured or prison labor, in the production of merchandise or any materials for Li & Fung and our customers.
- **Supplier will not engage in any transactions with persons or entities that use any form of forced labor**, including involuntary, bonded, trafficked, state-imposed, indentured or prison labor, in the production of merchandise or any materials for Li & Fung and our customers.

We expect our suppliers to establish and follow reliable procedures consistent with our policy and applicable local laws to ensure their operations conform to the requirements of this policy. Suppliers shall maintain sufficient and accurate records substantiating compliance with the Combatting Forced Labor Policy.

Suppliers shall have a system in place to report to Li & Fung's compliance team all forced labor issues, whether potential or actual, within 24 hours of discovery. Suppliers are expected to immediately take corrective and preventative actions to remediate the issue and ensure that no repetition occurs. Failure to remediate cases of forced labor may result in suspension of orders and permanent cessation of business.

Suppliers must permit periodic monitoring to assess and ensure such adherence as part of the Combatting Forced Labor Policy.

Anyone who observes violations of this Supplier Code may contact Li & Fung anonymously by e-mail to our Group Chief Compliance and Risk Management Officer ([GroupCCO@lifung.com](mailto:GroupCCO@lifung.com)), or through Li & Fung designated third-party whistleblowing channel by scanning the QR code and enter access code: **lifung**



Please refer to the Li & Fung company website to access our guidelines on [Reporting of Concerns and Misconduct](#) in our Code of Conduct and Business Ethics for more details.