

For a Purposeful Tomorrow

ESG 2024 REPORT

To deliver value in global supply chains by living
our values around people, partners & planet.



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About this Report

Li & Fung Limited (“Li & Fung”, “the Company”, “we”, “our”, “us”) is pleased to present our annual Environmental, Social and Governance (“ESG”) Report for 2024. This Report gives an annual update of our ESG performance for the 2024 calendar year and is available on the Li & Fung website. Driven by our ESG strategy, the ESG Report (“the Report”) discloses and highlights our ESG priorities and key achievements towards living our values around people, partners, and planet in 2024.

BOUNDARY AND SCOPE

The ESG Report illustrates Li & Fung’s overall performance in environmental and social dimensions and covers all principal operations and subsidiaries. The Report covers the period from 1 January 2024 to 31 December 2024. It encompasses 77 entities¹ of the Company's trading and distribution businesses in our 46 offices across the world

There is no significant change in the boundary and scope of this Report from the Li & Fung 2023 ESG Report.

REPORTING PRINCIPLE

This Report aims to provide a balanced representation of Li & Fung's ESG performance under our ESG strategy. In particular, the selected content aims to reflect the impact of relevant ESG topics on Li & Fung.

¹ Details refer to Annex 1 – Reporting Scope entities

The content of this Report is determined through a systematic materiality assessment process, which includes identifying ESG-related topics, assessing their materiality and relevance as well as topic boundaries, preparing the information reported, and reviewing and addressing stakeholder feedback on Li & Fung’s ESG reporting. This Report covers key issues that are related to different stakeholders.

To ensure a comprehensive understanding of Li & Fung’s ESG performance over time, a summary of Li & Fung’s 2024 CSR performance relative to various quantitative KPIs, with a comparison to 2022 and 2023, is disclosed in the Performance Summary section. Information about the standards, methodologies, assumptions and/or calculation references, and source of key conversion factors used for these KPIs are stated wherever appropriate. As far as reasonably practicable, consistent methodologies are adopted when calculating these KPIs, and any changes that could affect a meaningful comparison will be stated.

REPORTING FRAMEWORK

This Report references selected disclosures, or parts of their content, from the GRI Sustainability Reporting Standards. For climate-related disclosure, we adopted the disclosure recommendations developed by the Task Force on Climate-Related Financial Disclosures (TCFD).

ENDORSEMENT AND APPROVAL

This Report was endorsed by the ESG Committee and approved by the Group CEO in May 2025, following the confirmation review by the Board of Directors.

CONTACT AND FEEDBACK

Your feedback is valuable to our continuous improvement, and we welcome any comments and suggestions you may have on this Report or our ESG reporting in general. Please share any comments or suggestions regarding the Li & Fung’s performance to media@lifung.com (corporate communication team).





Dear Stakeholders,

At Li & Fung, our commitment to Environmental, Social, and Governance (ESG) principles is central to who we are. In today’s complex global supply chain environment, we recognize that strong ESG practices are not only essential for sustainability, but also critical to building long-term resilience.

As we reflect on the past year, I am proud to share the meaningful progress we have made — along with the recognition that affirms the collective efforts of our teams and partners.

- Our Miles-Promocean business in Europe has achieved a distinguished Platinum Medal for Sustainability from Ecovadis, positioning us in the top 1% of performers in the industry.
- In line with our validated Science-based target, we have committed to reducing our absolute Scope 1 and 2 greenhouse gas emissions by 42% by 2030 from our 2021 baseline. We are proud to announce that we have already exceeded this Scope 1 & 2 targets in 2024, achieving this milestone six years ahead of our roadmap.
- Additionally, we engaged with 38,993 workers across 940 facilities to gather anonymous feedback, allowing us to amplify their voices, enhance workplace conditions, and uphold our responsible sourcing commitments.

- We proudly ranked first among leading companies assessed by The Centre for Child Rights and Business for our effective child labor remediation and proactive implementation.
- The Global Child Forum has recognized our significant advancement, elevating us from an 'Improver' to a 'Leader' in children's rights within the 2024 benchmark.
- Our offices in Bangladesh, China, India and Turkey have been certified as “Great Places to Work,” reflecting our commitment to fostering a supportive and empowering workplace culture.

As we move forward, we are ready to evolve and innovate our strategies to meet the dynamic demands of the ESG landscape. We warmly invite our partners and industry peers to join us on this transformative journey. Together, we possess the strength to tackle pressing global challenges and harness opportunities for sustainable growth, paving the way for a beneficial impact that resonates for generations to come.

Sincerely,

Joseph Phi

Group Chief Executive Officer
Li & Fung Limited
June, 2025

2024

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PLANET



GHG emissions **43.4%** reduction, compared to 2021 baseline (own operations)



Energy consumption: **33%** reduction, compared to 2021 baseline (own operations)



Water **62%** reduction Compared to 2021 baseline (own operations)



Higg score **16%** increase compared to 2023 baseline **7.5%** above industry median

GOVERNANCE



76% of employees completed new ethics, anti-bribery and anti-corruption training launched in Dec 2024

SOCIAL IMPACT CREATION

Gender parity in senior management

45% Female  **VS**  **55% Male**



Employee training programs **31,130 hrs**
Average training hours per employee: **8.16**

ETHICAL SUPPLY CHAIN

Received **38,993** direct Worker Voice responses from **940** factories, including **88** lower tiers factories on workplace treatment 



Educated **10,514** factories representatives with **363** training sessions

100% suppliers signed up to  **Li & Fung** Supplier Code of Conduct

Within Li & Fung generally, senior management comprises employees at Grade 2 and above who make up the senior-most 6% of the organization (General Managers, Vice Presidents, Senior Vice Presidents, Presidents and C-Suite)

External 4 Recognitions



Rated B on 2024 Climate by the Carbon Disclosure Project (CDP)



Founding member of the SAC, representation on the Higg FEM Strategic Council, and on the Public Affairs Strategic Council



Representation as one of the **elected Board of Directors members (2022 - 24)**



Member of the OECD garment and footwear **advisory group**



Member of the **Steering Committee** for the European Branded Clothing Alliance, with participation in various **task forces**



Obtained a Platinum medal for ESG rating by Ecovadis for Miles-Promocean (ranking amongst top 1%)



Ranked 1st among 12 leading companies benchmarked **for child labor remediation and implementation in 2024**



Global Child Forum (GCF) 2024 Benchmark, conducted in collaboration with Boston Consulting Group, scored 8.0 out of 10, and **ranked as a Leader in Consumer Discretionary sector**



LF Bangladesh, China, India and Turkey have been certified as **'Great Place to Work'**



About Li & Fung

Li & Fung specializes in responsibly managing supply chains of high-volume, time-sensitive goods for leading retailers and brands worldwide.

The company has a rich history and heritage in export trading and global supply chain management that dates back to 1906.

Formerly a publicly traded company, Li & Fung was privatized in May 2020. It is a member of the Fung Group of Companies. Our trading business consists of Supply Chain Solutions and Onshore Wholesale businesses in the Americas, Europe, and Asia. We provide end-to-end supply chain solutions, from product design and raw material procurement to production and quality control.



OUR BUSINESS

Dating back to 1906, Li & Fung has a long history and heritage in export trading and global supply chain management. Since then, the Company has grown into the world's foremost manufacturing and trading enterprise with a global reach, earning an exceptional reputation for reliable and efficient supply chain management.



Over 119 years, despite major changes and disruptions, innovation and creativity continue to drive our business. Connecting bright minds and crowdsourcing ideas, using design thinking, collaborative workspaces and rapid prototyping are just some of the ways we innovate at Li & Fung every day.

Today, Li & Fung specializes in responsibly managing supply chains of high-volume, time sensitive goods for leading retailers and brands worldwide. We provide end-to-end supply chain solutions, from product design, raw material procurement, to production and quality control. We design, source, and deliver a diverse range of products including apparel, footwear, accessories and household products for brands and retailers globally.

Our aspirational statement is to deliver value in global supply chains by living our values around people, partners, and planet. Our core values around Humility, Entrepreneurship and Family form the basis for our culture, business strategies and brand, bringing us together and guiding what we do.

Li & Fung now operates one of the most extensive global supply chain networks in the world. With nearly 4,000 people in offices across over 30 economies, we use our extensive global reach, depth of experience, market knowledge, and technology to help brands and retailers respond quickly to evolving consumer and production trends. We design, source and deliver a diverse range of products including apparel, footwear, accessories, and household products for global brands and retailers.



“ OUR PURPOSE

To deliver value in global supply chains by living our values around **people**, **partners** and **planet**.

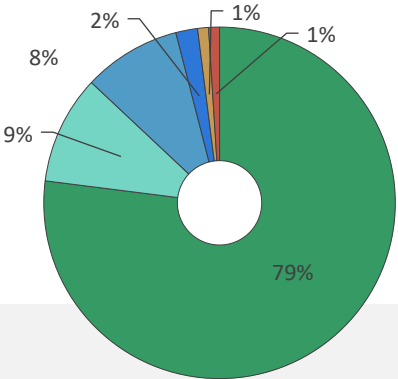
”



OUR SUPPLY CHAIN

In 2024, we sourced goods from 4,566 Tier 1 factories in 32 production economies, with 880 factories contributing 80% of the value of goods shipped to our customers. These 880 factories represent 19% of our total active factories.

Greater China	3,656	79%
Indian Subcontinent	397	9%
Greater ASEAN	380	8%
Europe & Turkey	82	2%
LATAM	23	1%
Rest of the world	28	1%
Grand Total	4,566	100%



PRODUCTION ECONOMIES

32



FACTORIES

4,566



EMPLOYEES WORLDWIDE

(as of Jan 2025)

3,702



FEMALE

2,142
58%



MALE

1,560
42%



As an active and responsible business leader in the supply chain solution industry, Li & Fung is committed to adopting best ESG practices and promoting the global sustainability agenda to create positive values for our customers, society and planet.



Our Approach to ESG

SUSTAINABLE DEVELOPMENT GOALS



At Li & Fung, we strive to be a responsible participant in the supply chain solutions industry by embracing effective ESG practices and contributing to the global sustainability agenda. Our goal is to create positive impacts for our customers, partners, society, and the planet.

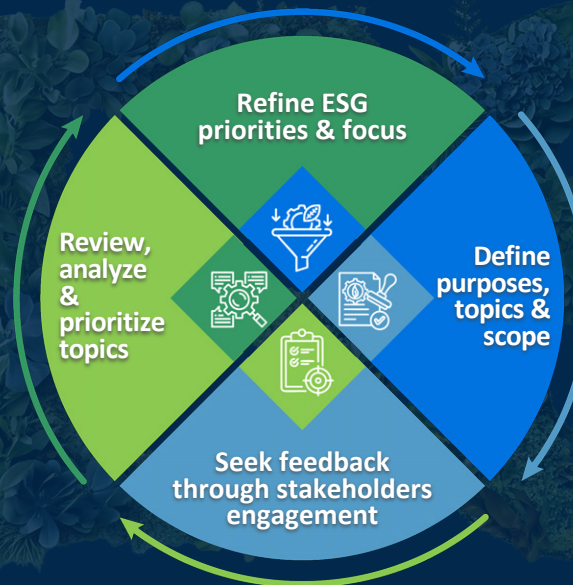
Li & Fung’s business aspiration – “to deliver value in global supply chains by living our values around people, partners, and planet”, focuses on our responsibility to society, the environment and safeguarding future value creation, while taking all the steps necessary to create a positive impact. To address our determination for a sustainable future, our ESG strategy is aligned with the United Nations' Sustainable Development Goals (UN SDGs) with the three key pillars of environment, society, and governance.

IDENTIFYING ESG PRIORITIES THROUGH AN ANNUAL MATERIALITY ASSESSMENT

Li & Fung utilizes an annual materiality assessment to reaffirm and evaluate our ESG priorities as perceived by both internal colleagues and external stakeholders. This comprehensive process involves collecting insights through surveys, interviews, and focus groups, engaging various stakeholders across the supply chain, including employees, customers, suppliers, and more.

By systematically analyzing the feedback gathered, Li & Fung identifies which ESG issues are deemed most significant by our stakeholders and aligns them with the company's strategic objectives. This ongoing dialogue allows us to sense-check its priorities, ensuring they reflect the current expectations and concerns of both our workforce and the broader market.

The findings from the materiality assessment not only help to refine Li & Fung’s ESG strategies but also enhance transparency and accountability in our ESG initiatives. By regularly revisiting these priorities, the Company can adapt to changing social and environmental landscapes, reinforcing our commitment to sustainable business practices and maximizing positive impact across the supply chain.



Our Approach 6 to ESG

ESTABLISHING ESG STRATEGY AND FOCUS

In crafting our ESG strategy, we prioritize insights from our materiality assessment to identify critical environmental, social, and governance issues. By focusing on these priorities, we align our sustainability efforts with stakeholder expectations, ensuring impactful initiatives. This approach mitigates risks and allows us to seize opportunities for innovation and growth. Committed to transparency and accountability, we regularly assess our progress and adapt our actions to enhance our contributions to society and the environment.



Accountability, Independence and Transparency



Board Composition and Function



Ethics and Anti-corruption



Risk Management and Internal Control



Greenhouse Gas and Energy

- Reduce CO₂e emissions and increase energy efficiency
- Accelerate the use of renewable energies



Water and Chemicals

- Reduce fresh water intake
- Improve the quality of waste waters



Raw Materials and Products

- Improve the environmental and social performance of raw materials
- Enhance circularity of products



Harassment, Child labor, Modern slavery

- Zero cases of modern slavery
- Elimination of child labor
- No worker pays to get a job



Inclusion & Diversity

- Zero cases of gender-based violence
- No workplace harassment and discrimination
- Equal opportunities



Health and Wellbeing

- Zero fatalities or major injuries
- Promotion of healthy lifestyle choices



* Our current ESG priorities and commitments are included in the diagram.

Our Approach to ESG

STAYING ATTUNED WITH THE EVOLVING ESG LANDSCAPE

Li & Fung is closely connected to the ESG landscape, actively collaborating with a wide range of stakeholders such as NGOs, industry organizations, and academic institutions. These partnerships help us stay updated on the latest trends in sustainability, regulatory changes, and best practices concerning environmental, social, and governance issues.

By engaging with these stakeholders, we foster dialogue and collaboration, ensuring that we meet the evolving expectations of consumers, investors, and regulatory bodies. Through joint initiatives, partnerships and knowledge-sharing, we enhance our understanding of ESG challenges and opportunities, allowing us to implement robust sustainability strategies across the supply chain. This commitment to stakeholder engagement not only strengthens Li & Fung’s ESG efforts but also supports the creation of a more sustainable future for the industry and the communities we serve.

STAKEHOLDER GROUPS		COMMUNICATION CHANNELS	
	INVESTORS, SHAREHOLDERS, ANALYSTS, AND CREDITORS	<ul style="list-style-type: none"> Investor relationship and company website Meetings, briefings, and investor conferences Company announcements Annual general meeting 	
	CUSTOMERS	<ul style="list-style-type: none"> Company website Customer direct communication and meetings Customer feedback and complaints 	
	EMPLOYEES	<ul style="list-style-type: none"> Annual conference, town halls, workshops Regular meetings and employee emails Employee engagement activities One Family intranet 	<ul style="list-style-type: none"> Annual engagement surveys Employee training and sharing sessions New joiner orientation and feedback survey Employee performance evaluation
	SUPPLIERS AND BUSINESS PARTNERS	<ul style="list-style-type: none"> Communication, meetings, and training Capacity building programs Online vendor portal 	<ul style="list-style-type: none"> Supplier Code of Conduct Selection assessment Performance assessment
	COMMUNITIES (Non-governmental organizations, trade organizations, government, academia, and media)	<ul style="list-style-type: none"> Dialogue and meetings Collaboration or partnership initiatives Engagement with industry groups and academics Company website Community activities 	

Our Approach 6 to ESG

LI & FUNG'S REFRESHED MATERIALITY ASSESSMENT

LF conducted our first Materiality Assessment in 2021 and has continued this practice annually to stay attuned to the evolving landscape of environmental, social, and governance (ESG) issues. This proactive approach not only enhances transparency and stakeholder engagement but also strengthens the organization's ability to manage risks associated with ESG factors.

Utilizing the adopted reporting framework, we conducted a materiality assessment that ranked 18 ESG-related topics and analyzed them accordingly. By integrating the insights gained from these assessments into its ESG strategy, LF can identify key opportunities for improvement, foster sustainable practices, and ultimately drive long-term value creation. This ongoing commitment to materiality assessment not only reflects LF's dedication to responsible practices but also positions us to respond adeptly to new challenges and expectations, solidifying our role as a leader in ESG.

Identification

- Identify and map a list of ESG issues
- Identify key stakeholder groups

Engagement

- Conduct stakeholder engagement exercise

Analysis & Evaluation

- Prioritise ESG issues by materiality assessment
- Review its result for ESG report disclosure and performance improvement



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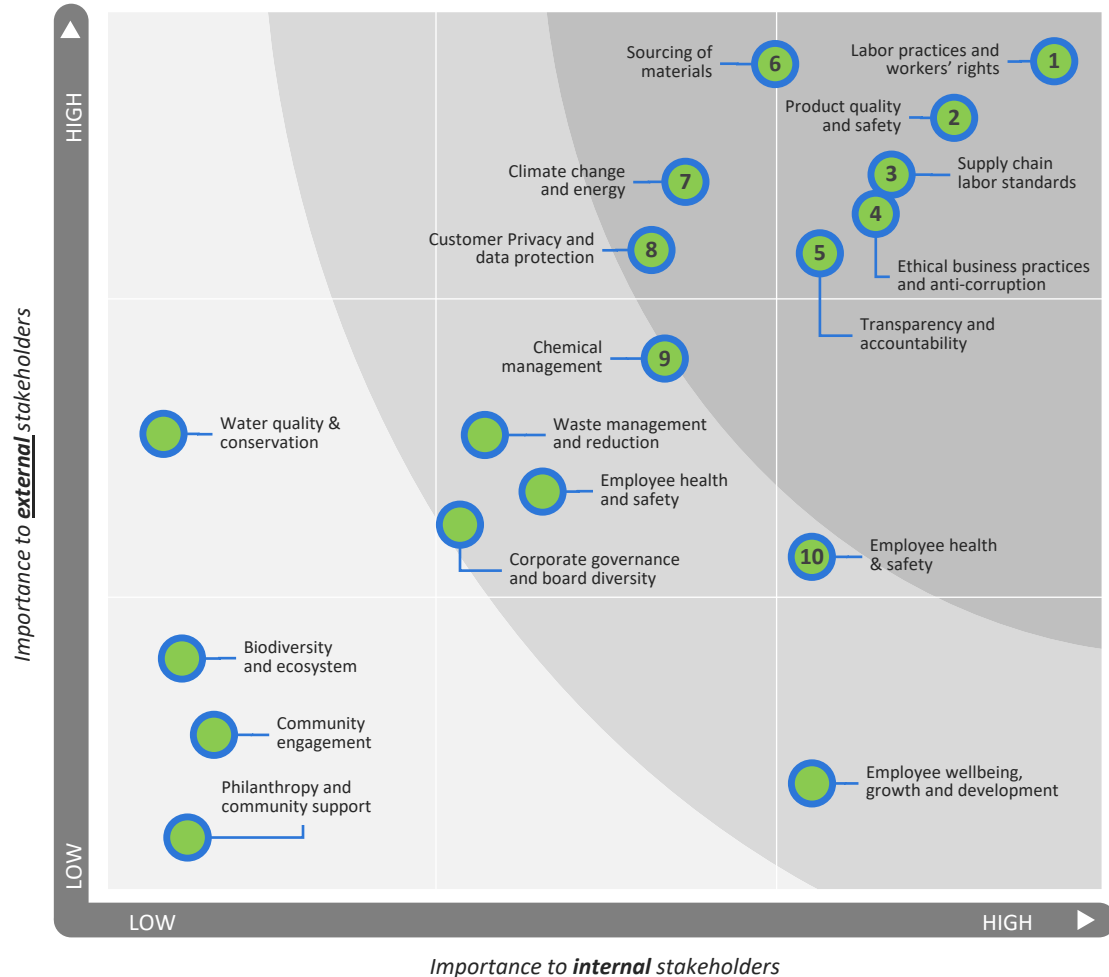
Data Privacy & Protection

Responsible Sourcing

Environmental Sustainability

Growth and Empowerment

Appendix I – III



Below is an overview of **top 10 material topics** identified:

1

LABOR PRACTICES AND WORKERS' RIGHTS

Enhancing labor practices and safeguarding workers' rights are crucial for adhering to supply chain regulations. LF and our stakeholders acknowledge that fair labor practices are vital to reflecting the organization's commitment to ethical standards and social responsibility. As part of our due diligence approach, LF is committed to assessing and monitoring labor conditions, mitigating risks, and addressing issues to protect workers' rights. Moreover, we are embedding these principles into both our internal operations and the supply chain to foster a culture of continuous improvement.

2

PRODUCTS QUALITY AND SAFETY

The quality and safety of products are fundamental to maintaining customer trust and satisfaction. For LF, this topic is critical as it directly impacts brand reputation and regulatory compliance. Stakeholders prioritize product safety, viewing it as a key component of corporate responsibility that reflects LF's commitment to consumer welfare. By implementing a robust quality management system, LF ensures that product safety standards are met consistently, reinforcing trust and enhancing the overall customer experience.

3

SUPPLY CHAIN LABOR STANDARDS

Proactively managing labor standards in the supply chain is essential for maintaining operational integrity. At LF, we are committed to continually identifying and mitigating risks, recognizing the importance of ethical sourcing as highlighted by our stakeholders. By adhering to both international and local labor regulations as well as labor standards, it reaffirms our commitment to social accountability and promotes continuous improvement, ultimately enhancing worker well-being and bolstering operational integrity.

4

ETHICAL BUSINESS PRACTICES AND ANTI-CORRUPTION

Ethical conduct and anti-corruption measures are non-negotiables for maintaining credibility and trust within the supply chain. Both LF and our stakeholders emphasize the significance of integrity in business operations. By upholding high ethical standards internally and externally, LF can mitigate risks, enhance stakeholder confidence, and foster robust relationships with suppliers and partners. These practices not only safeguard LF's reputation but also lead to smoother operations, improved collaboration, and increased resilience in the supply chain, which are critical factors for long-term success.



Below is an overview of **top 10 material topics** identified:

5

TRANSPARENCY AND ACCOUNTABILITY

Transparency in operations and accountability in decision-making are essential for building trust among supply chain stakeholders. LF's strong commitment to transparent practices reflects our dedication to ethical governance, valued by stakeholders. By prioritizing these principles, LF fosters trust and loyalty with partners, customers, investors, and the community, which are crucial for developing resilient relationships that enhance collaboration, mitigate risks, and promote sustainability throughout the value chain.

6

SOURCING OF MATERIALS

Responsible sourcing of materials is essential for promoting sustainability and ethical practices. LF recognizes our role in this effort, which aligns with stakeholder concerns about environmental and social outcomes and meets the growing consumer demand for sustainable products. While raw materials management can be complex, with factors like market variability and supply chain dynamics impacting sustainability, LF is committed to driving proactive approaches to help advance responsible raw materials sourcing practices and contribute to a more sustainable future.

7

CLIMATE CHANGE AND ENERGY

Addressing climate change and improving energy efficiency are essential components of our sustainability and risk management strategies. LF acknowledges the challenges presented by climate change and the increasing concerns of stakeholders regarding corporate environmental responses. To support our suppliers in minimizing their climate impact, LF provides technical assistance and resources aimed at enhancing energy efficiency and promoting sustainable practices. By actively tackling these issues, we strive to meet regulatory requirements and continuously improve our operations.

8

CUSTOMER PRIVACY AND DATA PROTECTION

In today's digital landscape, the importance of customer privacy and data protection is increasingly significant. LF is dedicated to implementing effective data management practices that prioritize compliance with regulations. We strive to improve the protection of customer information, reflecting our commitment to upholding privacy standards and building trust with our customers.

9

Chemical Management

Effective chemical management practices are crucial for ensuring safety and minimizing environmental impact, particularly within our supply chain. LF, along with our stakeholders, recognizes the significance of managing chemical risks as an integral component of our corporate sustainability initiatives. By focusing on continually improving chemical management throughout our supply chain, we not only protect our people and consumers but also proactively mitigate regulatory risks and enhance our overall commitment to environmental stewardship.

10

EMPLOYEE HEALTH AND SAFETY

The health and safety of employees are fundamental to our operational success and compliance. LF is committed to fostering a safe working environment, recognizing that it is crucial for enhancing employee morale and productivity. We strive for continuous improvement in health and safety standards, not only for our direct workforce but also throughout our supply chain, ensuring that best practices are continually updated and implemented.

The materiality assessment highlights the interconnectedness of key topics that play a vital role in shaping LF's strategic direction for Environmental, Social, and Governance (ESG) initiatives. By prioritizing these areas, LF not only responds to stakeholder concerns but also aligns its efforts with its overall ESG strategy. This alignment enhances our ESG practices, boosts overall performance, and fosters sustainable growth and innovation throughout the organization.

Our Approach 6 to ESG

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IMPLEMENTING ROBUST RISK ASSESSMENT & MANAGEMENT

Li & Fung is committed to implementing a robust risk assessment and management strategy for Environmental, Social, and Governance (ESG) considerations across both our supply chains and internal operations. Recognizing the complexities involved in this journey, the Company employs a systematic approach guided by the OECD Due Diligence Framework to ensure that we proactively identify and mitigate ESG risks.



Risk Identification

Monitoring supply chains and operations to identify ESG risks and ensuring compliance with environmental laws, labor standards, and ethical practices



Risk Assessment

Identified risks are analyzed qualitatively and quantitatively, while stakeholder engagement offers vital insights



Integration of Findings

Assessing results informs operational strategies with risk mitigation plans developed based on risk severity and likelihood for efficient resource allocation.

Li & Fung recognizes that establishing a comprehensive risk assessment and management strategy for ESG is a complex and time-consuming endeavor. Achieving progress necessitates continuous commitment, continual improvements, and a readiness to adapt to emerging challenges. We are committed to aligning our practices with the evolving expectations of stakeholders and regulatory bodies, ensuring that we maintain resilience in an ever-changing global environment.



TRAINING AND AWARENESS

Training and awareness-raising activities are crucial for advancing ESG implementation within our organization and throughout our supply chains. We utilize our diverse teams across different countries to provide targeted training that takes local nuances into account. This approach ensures that our employees and suppliers clearly understand ESG initiatives and how to apply them effectively in their operations.

Our training programs not only ensure compliance with relevant regulations and standards but also enhance the technical skills needed for implementation. We incorporate measurement into these activities to track their effectiveness, enabling us to continually refine our approach and strengthen our ESG efforts.

By investing in these training initiatives, we are establishing a solid foundation for effective ESG implementation, ensuring that all levels of our Company and supply chain align with our goals.



Corporate Governance

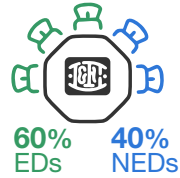
As we navigate a changing global landscape, we are committed to cultivating transparency, accountability, and inclusivity in our governance practices.

Our framework not only meets regulatory standards but also empowers stakeholders and fosters positive changes.

7.1 CORPORATE GOVERNANCE

Governance is the foundation of our sustainable business operations. At Li & Fung, we endeavor to uphold principles of good corporate governance with an emphasis on independence, transparency, and accountability. We strictly abide by all laws and regulations in our operations, and in accordance with those of the countries in which we operate.

Our Board of Directors comprises 3 executive directors and 2 non-executive directors. They have diverse professional experience, skills, ethnicity, and culture to ensure a diversity of perspectives and backgrounds. The well-balanced board composition reinforces a strong independent review and monitoring function of overall management practices.



The Board is responsible for setting the overall values and strategies of Li & Fung and oversight of its operations, financial performance, and corporate governance. To effectively discharge their duties, the Board has established four committees – Audit Committee, Risk Management and Sustainability Committee, Nomination Committee and Remuneration Committee. Each committee has its defined terms of reference; the key functions are as follows:

THE BOARD

- ❖ Set overall values, standards and strategy of the Group
- ❖ Review operational and financial performance
- ❖ Approve major acquisitions and disposals
- ❖ Oversee risk management and internal control system
- ❖ Oversee significant operational, financial, corporate governance, ESG matters

Audit Committee

- Oversight of financial performance, internal controls
- Review external and internal auditor reports
- Review corporate governance

Nomination Committee

- Board composition evaluation
- Recommendation of suitable prospective directors

THE BOARD COMMITTEES

Risk Management and Sustainability Committee

- Risks and mitigation oversight
- ESG initiatives, activities, policies, KPIs oversight
- ESG funding proposal and ESG report approval

Remuneration Committee

- Independent review of directors and senior management remuneration

Our Audit Committee, together with the Risk Management and Sustainability Committee, provides oversight of corporate governance, financial reporting, risk management, and internal control system of the Company and its subsidiaries. The Audit Committee engages with the external auditor, PricewaterhouseCoopers (PwC), to perform independent financial audits to assure compliance with applicable reporting standards. PwC also reports to the Audit Committee any significant weaknesses in our internal control procedures, fraud or illegal acts, or any non-compliance with laws and regulations. The Corporate Governance Division (CGD), which is independent from management operations, is supervised by the Group Chairman. CGD carries out internal audit, independent investigations of alleged fraud and misconducts, assistance in upholding ethics and anti-corruption, corporate governance advisory and a review of PwC’s independence for compliance with Li & Fung’s Policy on Provision of Non-Audit Services by the External Auditors. Any major observations of control weaknesses in financial, operational and compliance operations and recommendations are escalated by CGD to Audit Committee and Risk Management & Sustainability Committee.

The Nomination Committee evaluates the board composition and recommends suitable candidates to the Board. The Remuneration Committee advises the Board on the board members and senior management remuneration. Below illustrates a balanced mix of executive and non-executive directors in each committee:

Board and Board Committee members

		Board of Directors	Audit Committee and Risk Management & Sustainability Committee	Nomination Committee	Remuneration Committee
Mr. Spencer Fung	Executive	✓ *	✓ *	✓ *	✓
Mr. Joseph Phi	Executive	✓	✓	✓	✓
Mr. Ed Lam	Executive	✓	✓	—	—
Mr. Ming Mei	Non-executive	✓	✓	✓	✓ *
Mr. Michihiro Higashi	Non-executive	✓	✓	—	—

* Being Chairman of the Board or the corresponding committee



In 2024, the board and board committee members’ average attendance rate was 81%

7.2 RISK MANAGEMENT AND INTERNAL CONTROL

Risk management is the culture, capabilities and practices that Li & Fung integrates into our strategy, while internal control is the process effected by Li & Fung’s Board, management, and people to provide reasonable assurance of the Company achieving its financial, operational and compliance objectives. Both risk management and internal control are integral parts of our approach to good corporate governance. The Corporate Governance Division (CGD), as endorsed by an Internal Audit Charter, is empowered to regularly audit operations to ensure compliance with Li & Fung’s policies and Key Operating Guidelines (KOGs), and local laws and regulations.

Below illustrates the key roles and responsibilities of risk management and control at board, management and CGD.

ROLE	ACCOUNTABILITY	RESPONSIBILITIES
OVERSIGHT	<div><div></div> Audit Committee</div> <div><div></div> Risk Management & Sustainability Committee</div>	<div><div></div> Oversight of corporate governance, financial reporting, risk management and internal control systems</div>
RISK ASSESSMENT AND REPORTING	<div><div></div> Corporate Governance Division</div>	<div><div></div> Supporting the Board in the evaluation of risk management and internal control systems to identify areas for improvement</div> <div><div></div> Review of corporate governance practices and advisory on company policies and guidelines</div> <div><div></div> Independent investigations</div>
RISK AND CONTROL OWNERS	<div><div></div> Business Management</div> <div><div></div> Functions</div>	<div><div></div> Day-to-day execution and monitoring of internal control</div> <div><div></div> Policies and operating guidelines formulation and execution</div> <div><div></div> Balance between business operational efficiency and exercising internal control</div> <div><div></div> Ensuring critical risks be reported to the Board, along with the status of actions taken to manage these risks</div>

Our policies and KOGs are tailored to the needs of respective operating groups in the markets in which we operate. These policies and KOGs cover the key risk management and control standards for our operations worldwide, including key business processes, credit control, procurement and payment, trade compliance, capital expenditure, commitments, business travel, and employee expense claims. They also cover relevant administrative processes in key support functions of IT and HR.

Li & Fung considers insurance to be an integral part of a risk management plan for the Company to mitigate financial uncertainties and enhance our operational resilience. In 2024, we conducted a review of the insurance coverage and maintained comprehensive insurance for our employees, assets and business operations.

Ethics and Integrity

As a company with over one hundred years' history, Li & Fung's business is built on strong ethical operations and excellent customer services. We are committed to creating long-term value for our corporate partners and society. Our business activities are carried out ethically, and in compliance with the laws and regulations of the countries in which we operate. We put customers first by anticipating their needs, protecting their rights, and seeking innovative technologies and ideas for continuous improvement.



8 Ethics and Integrity

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Code of Conduct and Business Ethics

- ❖ In 2024, [the LF Code](#) was revised. This is a vital step forward in reinforcing our commitment to integrity and ethical behavior in the Company. [The LF Code](#) and accompanying policies and guidelines are accessible by our employees on our intranet (One Family). [The LF Code](#) is also available on the Company's website (www.lifung.com). It conveys our values and guides all directors' and employees' practices of respectful and ethical conduct. It provides a guideline for our colleagues on how to conduct themselves and our business, how we serve our customers, and how we work with our suppliers.
- ❖ Our Group CEO sent a message to all colleagues to remind them of notable updates reflecting the evolving technological landscape, addressing topics such as social media usage and artificial intelligence tools, and our commitment to fostering a respectful workplace by expanding the section on Harassment.
- ❖ New joiners must acknowledge they have read and understand [the LF Code](#) and accompanying guidelines and policies. They must declare to Human Resources any conflicts of interest.
- ❖ All employees are required to attend the e-learning on [the LF Code](#) and accompanying guidelines and policies at least once a year (Refer to the last section of Ethics and anti-bribery training for further details).



Guidelines on Gifts, Entertainment and Hospitality

- ❖ The Guidelines outline our approach to giving or receiving gifts, entertainment and hospitality.
- ❖ The Guidelines cover the prohibited scenarios of gifts within the Company and outside the Company, e.g. customers, suppliers, public officials.
- ❖ Clear guidance notes facilitate our employees' understanding of the rules in respect to expenses incurred by public officials.



Anti-bribery Policy

- ❖ A zero-tolerance approach affirms our commitment to upholding our values as they pertain to bribery and corruption.
- ❖ The Policy provides concrete examples of bribery and clear set of rules.
- ❖ It is mandatory for the directors, officers and employees of the Company no matter where they are located or what their positions are. This Policy also applies to all non-Li & Fung persons, including any customers, agents, vendors, contractors engaged by the Company, or companies who perform services for us or on our behalf anywhere in the world.



Guidelines on Whistleblowing and Reporting of Concerns

FaceUp

- ❖ Every employee is obliged to report, without delay, to appropriate senior management where they become aware or form suspicion of any instance or behavior which is or may potentially be illegal, unethical and/or in violation of applicable policies and guidelines of the Company.
- ❖ The Guidelines provide dedicated and independent channels of reporting. For whatever reason, if our employees feel that they cannot speak with their direct line senior management about their concerns or complaints; or consider that their concerns or complaints have not been handled by the direct line senior management properly; or prefer to report anonymously, they may report to our Corporate Governance Division via a designated email or the FaceUp Whistleblowing platform.
- ❖ No retaliation of any kind is taken against colleagues who raise genuine concerns or who participate in the investigation of a report of suspected misconduct.
- ❖ [FaceUp whistleblowing platform](#) allows our employees, customers, vendors, factories, and any other stakeholders to report any illegal, unethical, harassment or discrimination issues. FaceUp is a secure third-party reporting channel, available 24/7 and supports both written and voice reporting in 113 languages. Whistleblowers can file reports anonymously or non-anonymously via the website or mobile app. Without creating an account, users can report and follow up on issues with designated persons in our company with full confidentiality.

8.1 BUSINESS ETHICS AND ANTI-CORRUPTION

Every Li & Fung's employee has the responsibility to uphold our reputation and values, and our success is based on the consistent application of our standards of conduct.

[Li & Fung Code of Conduct and Business Ethics](#) (the LF Code) prohibits any forms of corruption, bribery, extortion, fraud, money laundering, and unfair competition. We have zero-tolerance for bribery and corruption and promote the highest standards of ethical conduct amongst our employees. This includes:



Independent Investigations

- ◆ All reports are investigated internally in accordance with established protocols. Independent investigations are undertaken by our Corporate Governance Division or independent management.
- ◆ All reports (including the identity of the person making the report, if disclosed to us) and any investigation records and findings will be kept strictly confidential and accessible only by senior management and personnel undertaking the investigation, except (i) with your consent or (ii) where we are under a legal obligation to disclose that information to a competent authority.



Anti-money Laundering

- ◆ The Company has established a Guideline for third party payments to protect the interest of the Company and its vendors from paying to fraudulent bank accounts. The Company makes payments directly to vendors who have genuine business transactions with Li & Fung to avoid unknown cashflows.
- ◆ Payments to parties, which we have no business or are not contracted with, are strictly prohibited.
- ◆ Our Trade Compliance Policy stipulates that we do not engage in transactions that may violate applicable sanctions, import and export controls, and other international trade laws in any circumstances. Both the Policy and FAQ are posted on the intranet (One Family) to facilitate our employees' understanding of the application and rules in the Policy.



Due Diligence on Vendor Ethics Practices

- ◆ Li & Fung is committed to driving ethical practices along our supply chain.
- ◆ In 2024, on a risk and rotational basis, vendors were selected from China, Bangladesh, and India to complete a questionnaire from the Corporate Governance Division (CGD) on their anti-bribery and anti-corruption practices. These vendors provided merchandise valued at US\$1.3 billion on an FOB basis to the Company's customers.
- ◆ CGD reviewed the vendors' feedback and the relevant management followed up with vendors who need improvement in ethics practice.



Ethics, Anti-bribery and Anti-corruption Training

- ◆ In December 2024, we launched new bite-size e-learning modules on the revised Code of Conducts and Business Ethics, Anti-Bribery Policy, Guidelines on Gifts, Entertainment and Hospitality, Guidelines on Whistleblowing and Reporting of Concerns, Trade Compliance Policy, Anti-Harassment and Anti-Discrimination Policy and Procedure.
- ◆ Employees are required to revisit and complete e-learning modules to refresh their knowledge and stay up to date with any changes in our Code of Conduct and other policies. The e-learning modules are available 24/7, and our employees can complete the e-learning at their own pace via laptop or mobile devices.
- ◆ Case studies and assessment questions are covered in the online training to help colleagues understand and put the principles into practice. Employees are required to retake the respective module if more than one answer is wrong.
- ◆ 76% of employees have successfully completed the new e-learning launched within the last month of 2024.

In 2024, there were no convictions or fines paid for violation of anti-corruption and anti-bribery laws in any jurisdiction where Li & Fung has operations.



Product Quality and Safety

At Li & Fung, we prioritize product quality and safety as essential to our sustainability and customer trust. We recognize that high-quality products are crucial for consumer health and environmental protection.

By upholding rigorous standards and embracing continuous improvement, we aim to exceed expectations. Our commitment to innovation and collaboration with partners drives us toward creating safer, more sustainable products that positively impact our communities.

9 Product Quality and Safety

ELEVATING PRODUCT QUALITY AND SAFETY STANDARDS

Ensuring product quality and safety is at the forefront of our operational philosophy. As a global supply chain service provider, we recognize our responsibility to not only deliver exceptional products, but also to safeguard the health and well-being of consumers, our partners, and the communities in which we operate. Our commitment to product quality and safety also aligns with our broader Environmental, Social, and Governance (ESG) goals, emphasizing transparency, accountability, and continuous improvement.



COMMITMENT TO QUALITY: ENSURING EXCELLENCE THROUGHOUT OUR SUPPLY CHAIN WITH COMPREHENSIVE STANDARDS AND INSPECTIONS

Our commitment to product quality begins with robust standards that are ingrained in every aspect of our supply chain. We understand that quality is essential to building trust with our clients and consumers. To uphold these standards, we employ a comprehensive Quality Assurance (QA) framework designed to monitor and evaluate the quality of products throughout the entire lifecycle, from material selection to final delivery.



We partner with suppliers who share our dedication to quality. Our supplier selection process involves evaluating potential partners based on their adherence to quality standards, production capabilities, and commitment to ethical practices. We provide ongoing training and resources to our suppliers to ensure they understand our quality expectations and can implement them effectively.



Quality control inspections are integrated at critical points in our supply chain. These inspections include raw material evaluations, mid-production checks, and final product assessments. By adopting a proactive approach to quality management, we can identify and rectify potential issues before they reach the market.



Our commitment to quality is reinforced by compliance with international standards and certifications. We ensure that our products meet relevant regulations for safety and quality, including those set forth by organizations such as the International Organization for Standardization (ISO), ASTM International, and relevant industry-specific regulations. These certifications not only affirm our product quality but also demonstrate our commitment to continuous improvement.

9 Product Quality and Safety

PRIORITIZING SAFETY: IMPLEMENTING COMPREHENSIVE MEASURES TO MITIGATE RISKS AND ENSURE CONSUMER PROTECTION

We recognize that even the highest quality product can pose risks if safety measures are not adequately implemented. To mitigate these risks, we adopt a comprehensive safety approach, ensuring that our products are safe for consumers and comply with all regulatory requirements.



Risk Assessment and Management

We conduct thorough risk assessments for all products, evaluating potential safety hazards associated with materials, production processes, and end-use scenarios. Through this assessment, we identify critical points of control that help us manage risks effectively.



Testing and Certification

Rigorous testing is a cornerstone of our product safety strategy. We partner with accredited third-party laboratories to perform safety testing on our products. This includes analyses for harmful substances, flammability, mechanical safety, and chemical composition. Our products are only released to the market after passing these stringent safety tests.



Consumer and Regulatory Compliance

We stay informed about evolving regulations related to product safety in the markets where we operate. Our compliance team ensures that we adhere to all relevant local, national, and international regulations governing product safety. By being proactive in compliance, we can address regulatory changes and consumer concerns effectively.



Recalls and Product Incidents

In the rare event of a safety issue or product incident, we have established protocols for product recalls and consumer notification. Our responsive strategies include clear communication to consumers, detailed investigation processes, and corrective actions to prevent recurrence. Transparency is key. We strive to maintain open lines of communication during such situations to uphold trust and accountability.





CASE STUDY



CHILDREN'S SAFETY (HARDGOODS)

In 2024, through Li & Fung supply chain management, 79 million pieces of toys and children products were sourced from **130 suppliers** across **233 factories**, contributing to a total value of over US\$ 240 Million FOB from approximately 4,000 SKUs.

All of these factories have successfully passed the LF Technical Audit, which is based on the ISO 9001 Quality Management System. In terms of sustainability, 13 million of these items were made from Global Recycled Standard (GRS) materials, demonstrating our commitment to sustainability alongside safety.

To effectively gatekeep children's product safety, this strategy devised by Li & Fung involves multiple layers of assessment, compliance, and quality control to ensure that all products meet stringent safety standards. Below is an executive summary outlining the key components of this approach:

1. Third-party safety assessments

For all toys and children's products, LF collaborates with independent third-party test laboratories to conduct thorough product safety assessments. These assessments identify potential hazards and evaluate risk levels based on foreseeable use scenarios. This proactive measure ensures that any safety concerns are addressed before the products hit the market.

2. Age grading evaluation

Age grading for all toys under three years old is conducted by a recognized accredited laboratory. The design and features of each toy/children's product is assessed to ensure it is appropriate for the cognitive development of the intended age group. This evaluation helps prevent accidents and ensures that toys/children's products are used safely and effectively by children.

3. In-house quality control for high-risk products

To ensure the safety of high-risk products, such as wooden and plush toys, we have implemented a robust in-house quality control (QC) program. This program includes a testing qualification initiative that assesses factory testing capabilities through technical audits. When we identify any deficiencies, we offer onsite training to enhance the factory's QC capabilities and improve product reliability.

4. Final random inspections and random sampling for lab testing

A total of 12,000 Final Inspection Reports were conducted in 2024 for toys and children's products. These inspections followed the MIL-STD 105E standard for Acceptable Quality Level. Random samples were taken multiple times during the shipping process by third-party inspectors for due diligence testing.

This process ensures that critical components and features of the products meets with regulatory and safety standards, thereby safeguarding consumer trust and product integrity.

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CASE STUDY



CHILDREN'S SAFETY (APPAREL)

Product safety is our top priority in our childrenswear line. Meeting the highest safety standards is not only a regulatory requirement, but also a promise to our customers and their children. Each item undergoes a thorough review starting from the design phase, where our teams (PI/QA/PD/TD) assess materials to ensure they are non-toxic and safe for young users. This attention to detail continues into product development, where we conduct tests for durability, safety, and regulatory compliance. Throughout production, we implement strict quality control measures to identify and mitigate any safety risks. Our commitment to creating safe, high-quality childrenswear reflects our understanding of the trust parents place in us, and we take pride in continually improving our practices to ensure the well-being of children everywhere.

1. Design phase / Pre-production stage

A risk assessment meeting will be held to review each style, to ensure the garment incorporates safety features such as avoiding small parts, using safe materials, and minimizing potential hazards (e.g., drawstrings, zippers, etc).



Additional construction (Zipper Guide) should be added to avoid injury during use



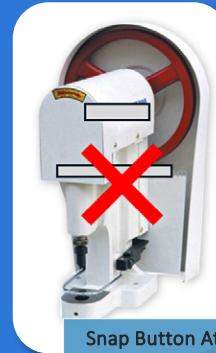
Garment trims (belt) must be reviewed to ensure measurements will be safe for use

2. Material selection / verification

Review the materials and raise any concerns about their safety. If necessary, send them to a third-party laboratory for testing to ensure they are non-toxic, hypoallergenic, and free from harmful chemicals (e.g. lead, phthalates, etc.).

3. Manufacturing controls and monitoring

3.1 Process Standardization: Establish standardized processes (SOP – Standard Operation Procedures) for manufacturing that include quality control checkpoints to ensure that products are made according to safety specifications.



Snap Button Attaching Machine must be used to ensure secured attachment of snap buttons



Product Safety							
Check Record Of Even Attachment Tension For Bobbin Thread							
Vendor :		Factory :					
Model No. :	LK-1851 (Juki)	Machine No. :	00189				
Operator :	Mei	Date :					
Style No. :		Stitch Density (Nos. of Stitches) :	16				
Button attached for initial refilled of each bobbin	Button attached for initial refilled of each bobbin	Button attached for initial refilled of each bobbin	Button attached for initial refilled of each bobbin				
Time: 10:30 AM	Time: 1:00 PM	Time:	Time:				
Button attached for initial refilled of each bobbin	Button attached for initial refilled of each bobbin	Button attached for initial refilled of each bobbin	Button attached for initial refilled of each bobbin				
Time:	Time:	Time:	Time:				

Production record for tracking bobbin changes on the button sewing machine

3.2 Training: Provide regular training for workers on safety standards, proper handling of materials, and the importance of quality assurance in children's apparel.

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4. Quality Assurance Testing

Testing Protocols: Implement testing on bulk quality base on testing protocols that involve evaluating the finished products for safety compliance, durability, and potential hazards. This includes testing for:

- **Flammability:** Ensuring that garments meet flammability requirements.
- **Physical Hazards:** Checking for choking hazards, loose fittings, and potential strangulation risks.
- **Chemical Safety:** Conducting tests for harmful substances in fabrics and embellishments.

5. Monitoring and Control

Ongoing inspections: Regularly inspect production lines and materials to ensure that safety standards are continuously met.



Routine snap pull tests conducted during production and documented in records

Proper construction of button attachment using the 'Rabbit Ear' method with a lock stitch button attaching machine



CONTINUOUS IMPROVEMENT AND INNOVATION

Product quality and safety are not static; they demand continuous improvement and innovation. At Li & Fung, we embrace a culture of learning, where feedback from stakeholders becomes a catalyst for positive change.

1. **Stakeholder feedback:** We actively seek feedback from customers, suppliers, and industry partners to identify areas for improvement related to product quality and safety. This feedback informs our decision-making and helps us enhance our practices continually.
2. **Technology and automation:** By leveraging advancements in technology and automation, we strive to improve product monitoring, testing, and tracking processes. Innovations such as blockchain and artificial intelligence are being explored to enhance traceability and quality assurance throughout the supply chain.
3. **Training and development:** We invest in employee training programs focused on product quality and safety. Equipping our workforce with the knowledge and tools necessary to uphold quality standards is paramount to our success. A well-informed team contributes profoundly to our overall quality culture.

CASE STUDY



FOCUS ON DIGITIZATION

Historically, we manually took measurements and recorded them on paper, a time-consuming process that created challenges with the clarity and accessibility of handwritten data. These measurement sheets were scanned and uploaded as PDF or JPG files into our proprietary Inspection platform (MQC system), but the system struggled to accurately read this data, complicating thorough reviews. In light of a growing trend toward digitizing inspection data, we aim to provide more analytical reports while being environmentally responsible—fully green and paperless, with all information being stored digitally. To enhance this digital transition, Li & Fung introduced Digital Measurement data input, offering two versions tailored to users based on geographical limitations.

- 1). Touch Pad in Tablets. Real time data entry by using tablets touch pad.
- 2). Digital Measuring Tape that synchronizes with tablets, data entry automatically. This further increased efficiency.

Our customers use various Product Lifecycle Management (PLM) platforms to publish their technical specifications, creating significant challenges as we navigate these complexities. Currently, the digital measurement entry process requires measurers to follow specific guidelines

for selecting specifications, which increases clicks and prolongs measurement time. Additionally, measurers must be online to input data, and the persistent slowness of these systems further hampers efficiency.

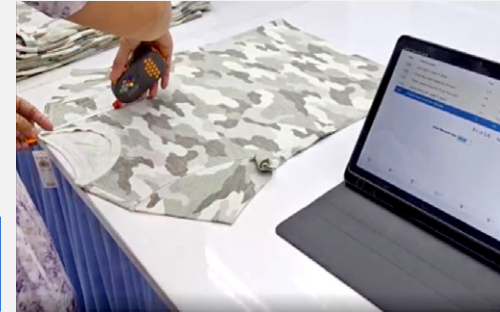
In response, LF has proactively integrated Artificial Intelligence (AI) to retrieve specifications directly from customer tech packs. This innovative solution saves time and ensures data accuracy, which is crucial in our line of work. User feedback indicates that the efficiency of the measurement process has approximately doubled compared to previous manual methods, marking a remarkable improvement.

By transitioning to a fully digital solution that eliminates manual entry and utilizes a robust platform, we are streamlining our data collection process. This advancement enhances clarity and accuracy while significantly improving the overall user experience. Ultimately, these improvements will benefit our customers by allowing them to focus on their core activities with greater efficiency and confidence. We are excited about these developments and look forward to supporting our customers in achieving their goals more effectively.

DIGITAL



Digital Measuring Input



Digital Measurement Report

LI & FUNG

1493-01236-3532 - Measurement Chart Template

Date: 10/4

Measurement Chart No.: 2407-01236-3532

Inspected By: Factory (P&S)

Customer: Samsat

Report: 10/4

P/O: 1493-01236-3532

Product Type: 1493-01236-3532

Plant: (Please Input Day 2014 Sample Size 10)

Measurement Detail

Code	Item (Date Item)	TOL	SQC				SQC				SQC				SQC			
			1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
001	NECK CUFFS (100% COTTON)	2.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
002	NECK CUFFS (100% COTTON)	2.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
003	NECK CUFFS (100% COTTON)	2.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
004	NECK CUFFS (100% COTTON)	2.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
005	NECK CUFFS (100% COTTON)	2.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
006	NECK CUFFS (100% COTTON)	2.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
007	NECK CUFFS (100% COTTON)	2.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
008	NECK CUFFS (100% COTTON)	2.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
009	NECK CUFFS (100% COTTON)	2.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
010	NECK CUFFS (100% COTTON)	2.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
011	NECK CUFFS (100% COTTON)	2.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
012	NECK CUFFS (100% COTTON)	2.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
013	NECK CUFFS (100% COTTON)	2.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
014	NECK CUFFS (100% COTTON)	2.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
015	NECK CUFFS (100% COTTON)	2.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
016	NECK CUFFS (100% COTTON)	2.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
017	NECK CUFFS (100% COTTON)	2.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
018	NECK CUFFS (100% COTTON)	2.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
019	NECK CUFFS (100% COTTON)	2.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
020	NECK CUFFS (100% COTTON)	2.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00

MANUAL



Manual Measuring Input



Manual Measurement Report

LI & FUNG 1493-01236-3532 - Measurement Chart Template		Date: 10/4																
Measurement Chart No.: 2407-01236-3532		Inspected By: Factory (P&S)																
Customer: Samsat		Report: 10/4																
P/O: 1493-01236-3532		Product Type: 1493-01236-3532																
Plant: (Please Input Day 2014)		Sample Size: 10																
Code	Item (Date Item)	TOL	SQC				SQC				SQC				SQC			
			1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
001	NECK CUFFS (100% COTTON)	2.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
002	NECK CUFFS (100% COTTON)	2.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
003	NECK CUFFS (100% COTTON)	2.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
004	NECK CUFFS (100% COTTON)	2.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
005	NECK CUFFS (100% COTTON)	2.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
006	NECK CUFFS (100% COTTON)	2.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
007	NECK CUFFS (100% COTTON)	2.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
008	NECK CUFFS (100% COTTON)	2.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
009	NECK CUFFS (100% COTTON)	2.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
010	NECK CUFFS (100% COTTON)	2.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
011	NECK CUFFS (100% COTTON)	2.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
012	NECK CUFFS (100% COTTON)	2.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
013	NECK CUFFS (100% COTTON)	2.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
014	NECK CUFFS (100% COTTON)	2.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
015	NECK CUFFS (100% COTTON)	2.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
016	NECK CUFFS (100% COTTON)	2.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
017	NECK CUFFS (100% COTTON)	2.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
018	NECK CUFFS (100% COTTON)	2.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
019	NECK CUFFS (100% COTTON)	2.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
020	NECK CUFFS (100% COTTON)	2.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00

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9 Product Quality and Safety

BEYOND COMPLIANCE: INTEGRATING SUSTAINABILITY WITH QUALITY AND SAFETY IN PRODUCT OFFERINGS

We believe that product quality and safety should extend beyond compliance and conventional standards. With growing awareness of environmental impacts, we are committed to integrating sustainability into our product offerings.

- 1. Durability and longevity:** Our product design strategies consider durability and longevity. By focusing on creating products that stand the test of time, we not only enhance their quality but also contribute to waste reduction. Sustainable design practices encourage responsible consumption, ensuring that consumers obtain value from their purchases.
- 2. Consumer education:** Educating consumers about the quality and safety of our products is essential. We proactively provide information on product care, safety guidelines, and sustainable usage. This approach empowers consumers to make informed decisions and encourages responsible product stewardship.

Li & Fung’s dedication to product quality and safety is unwavering. By prioritizing rigorous quality assurance practices, comprehensive safety measures, and sustainable initiatives, we aim to build a resilient supply chain that meets the highest standards of excellence. Together with our partners, we are committed to delivering products that not only satisfy our clients, but also contribute to a safer and more sustainable future for everyone. Through continuous improvement and innovation, we aspire to lead the way in creating high-quality, safe, and sustainable products that align with the values of our stakeholders and the global community.



Data Privacy & Protection

At Li & Fung, we believe data privacy and protection are essential to building trust with our stakeholders and upholding our ethical commitment. In a rapidly evolving digital landscape, we enhance our data governance frameworks to rigorously protect the personal information of our employees, partners, and clients. By striving to exceed regulatory requirements, we foster a proactive culture of transparency and accountability, prioritizing individual rights while promoting innovation and resilience in our operations.



DATA PROTECTION, SECURITY AND SUSTAINABILITY

At Li & Fung, we are steadfast in our commitment to safeguarding the informational assets entrusted to us. Our robust cyber security framework incorporates industry-standard technology and practices to secure our networks and data comprehensively. We ensure compliance with major data protection and privacy laws, including the General Data Protection Regulation (GDPR), the Personal Data Privacy Ordinance (PDPO), and the Cybersecurity Law of the People’s Republic of China (CSL – PIPL). Our mission is to strengthen Li & Fung’s security and protect our valuable information.

Advancing sustainability: embracing cloud solutions to minimize environmental impact and increase electronic waste recycling

To further our IT-related environmental objectives, we have significantly increased the use of Infrastructure as a Service (IaaS) and Software as a Service (SaaS) for production, development, and testing. Cloud computing enables the flexible allocation of technology resources, such as CPU and RAM, on a demand-driven basis, eliminating the need for long-term cost commitments. This shift also reduces wasted power, as traditional methods often involve maintaining underutilized peak processing capacity and requires fewer hardware resources. Alongside our strategic projects, we are committed to minimizing electronic waste through responsible recycling programs and the reuse of hardware, contributing to a circular economy within the technology sector.

CASE STUDY



REDUCE ELECTRICITY CONSUMPTION BY MIGRATING FROM ON-SITE SERVERS TO A CLOUD-BASED DATA CENTER

Starting in 2023, Li & Fung has significantly reduced electricity consumption by migrating from on-site servers to a cloud-based data center. Cloud providers use energy-efficient technologies, optimized cooling systems, and scalable resources that minimize waste and power consumption. By consolidating infrastructure and sharing resources, we can lower our overall energy use.

Additionally, many cloud data centers leverage renewable energy sources, reducing carbon footprint and electricity costs. They also eliminate the need for backup power systems and employ advanced cooling technologies that maintain optimal temperatures more efficiently. In doing so, we can achieve substantial energy savings and enhance our sustainability.

In Hong Kong, we have transitioned our on-site servers to an outsourced data center that is fully powered by renewable energy sourced from solar farms, sufficient to meet its annual energy consumption of 24 MWh.



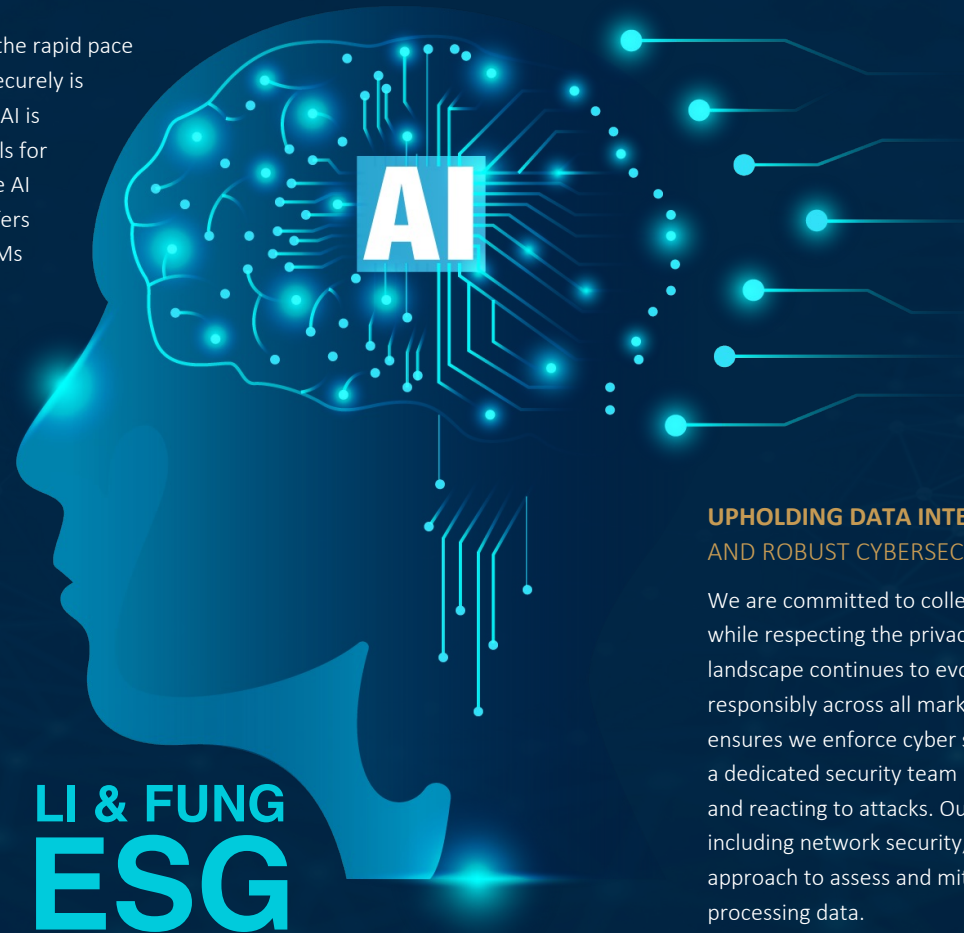
DATA PERIOD JANUARY 1 – DECEMBER 31, 2024.

Renewable Energy Coverage	Customer IT Equipment Electricity Usage	Overhead M&E Electricity Usage	Total IT + M&E Electricity Usage	Total Renewable Energy	Location-Based Emissions	Market-Based Emissions
	MWh	MWh	MWh	MWh	mtCO2	mtCO2
100.0%	16	8	24	24	14	0

Transitioning from on-site servers powered by grid electricity to a cloud-based data center that operates on wholly or partly on renewable energy is a strategic decision for Li & Fung. Economically, it enables us to cut operational costs thanks to the stable pricing of renewable energy, while also reducing maintenance and space requirements. From a sustainability perspective, this move reinforces our commitment to decreasing our carbon footprint and encourages environmentally responsible practices.

PRIORITIZING RESPONSIBLE GENERATIVE AI: IMPLEMENTING SKILLS DEVELOPMENT AND GOVERNANCE PROGRAMS FOR SAFE TECHNOLOGY ADOPTION

The development and use of AI must be carefully considered, especially given the rapid pace at which AI technologies continue to evolve. Adopting technology safely and securely is imperative for our organization and our customers. We ensure that our use of AI is responsible and aligned with our values, and that our people have the tech skills for effective, competent adoption. In FY 2024, we enhanced our use of generative AI technology by creating our own AI tools, particularly the LF AI Portal, which offers various features and functions. This involved utilizing some enterprise-level LLMs (Large Language Models) while ensuring compliance with security terms and conditions. To support this initiative, PwC assisted us in developing our AI governance framework and guidelines. This framework ensures that our use of AI is ethical, transparent, and compliant with relevant regulations. It includes policies on data privacy, security, and the responsible use of AI.



UPHOLDING DATA INTEGRITY: COMMITMENT TO ETHICAL DATA COLLECTION AND ROBUST CYBERSECURITY MEASURES

We are committed to collecting and using data in a lawful, fair, and ethical way, all while respecting the privacy of individuals. As the global privacy and data security landscape continues to evolve, so does our commitment to handling personal data responsibly across all markets in which we operate. Our robust governance mechanism ensures we enforce cyber security for our technology, people, and processes. We have a dedicated security team responsible for preventing security breaches and monitoring and reacting to attacks. Our security team consists of experts from different domains, including network security, cloud security, and data security. We use a risk-based approach to assess and mitigate potential risks associated with collecting and processing data.

LI & FUNG
ESG

10 Data Privacy & Protection

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ENHANCING SECURITY: PROACTIVE CYBERSECURITY ASSESSMENTS AND TRAINING

LF has maintained an Information Security Management System (ISMS) certified to ISO 27001 since 2017, with the certification valid until 2025. To uphold this certification, we undergo an annual ISO audit conducted by the British Standards Institution (BSI). The system defines our policies, processes, and controls for securing information. This includes strong security controls, regular security training for all employees, reviews of security policies, and security testing on our systems, including penetration testing and external/third-party vendor assessments. In 2024, we proactively conducted two key assessments to enhance our cybersecurity posture – the NIST Cybersecurity Risk Assessment by PwC and Ransomware Readiness Assessment by CheckPoint, to continuously evaluate risk and improve the security of our systems and processes to maintain the confidentiality, integrity, and availability of information.



CASE STUDY



ENHANCING DATA SECURITY: THE IMPACT OF PHISHING EXERCISES ON EMPLOYEE AWARENESS

At Li & Fung, we implement phishing exercises as a critical part of our strategy to enhance employee awareness about data cybersecurity. These exercises simulate real phishing attacks, allowing our employees to experience firsthand how these threats can occur in a controlled environment. By actively engaging in these scenarios, employees become more vigilant and better equipped to recognize suspicious emails or messages, which significantly reduces the risk of falling victim to actual phishing attempts.

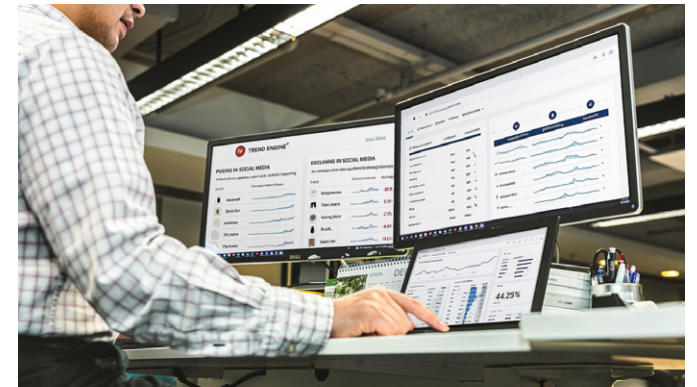
Through regular phishing exercises, we are able to track response rates and provide tailored training sessions for those who may need additional support. This proactive approach not only strengthens our overall security, but also fosters a culture of security awareness within the organization. By empowering our colleagues with the knowledge and skills to identify potential threats, we are effectively safeguarding sensitive data and reinforcing the importance of security in our daily operations.

In 2024, our average click-through rate for simulated phishing emails was just 4%, aligning with the lower end of the average range of 4% to 30% across industries.



LOOKING AHEAD: KEEPING UP WITH EMERGING TRENDS IN DATA PROTECTION AND CYBERSECURITY

As we look ahead, we are keeping up with the latest market trends to stay at the forefront of data protection and information security. In 2024, the cybersecurity landscape has been marked by a heightened focus on protecting people's personal data, increased scrutiny of AI's impact on privacy, and the need for businesses to adopt privacy-enhancing technologies. We are committed to integrating these trends into our practices, ensuring that our data protection strategies are, not only robust, but also forward-thinking. By leveraging AI and machine learning for threat detection, enhancing cloud data encryption methods, and focusing on privacy-enhancing technologies, we aim to stay ahead of emerging technological risks while continuing to protect our stakeholders' data effectively.



Responsible Sourcing

As an active and responsible business leader in supply chain solutions industry, Li & Fung is committed to adopting best ESG practices and promoting the global sustainability agenda to create positive values for our customers, society and planet.



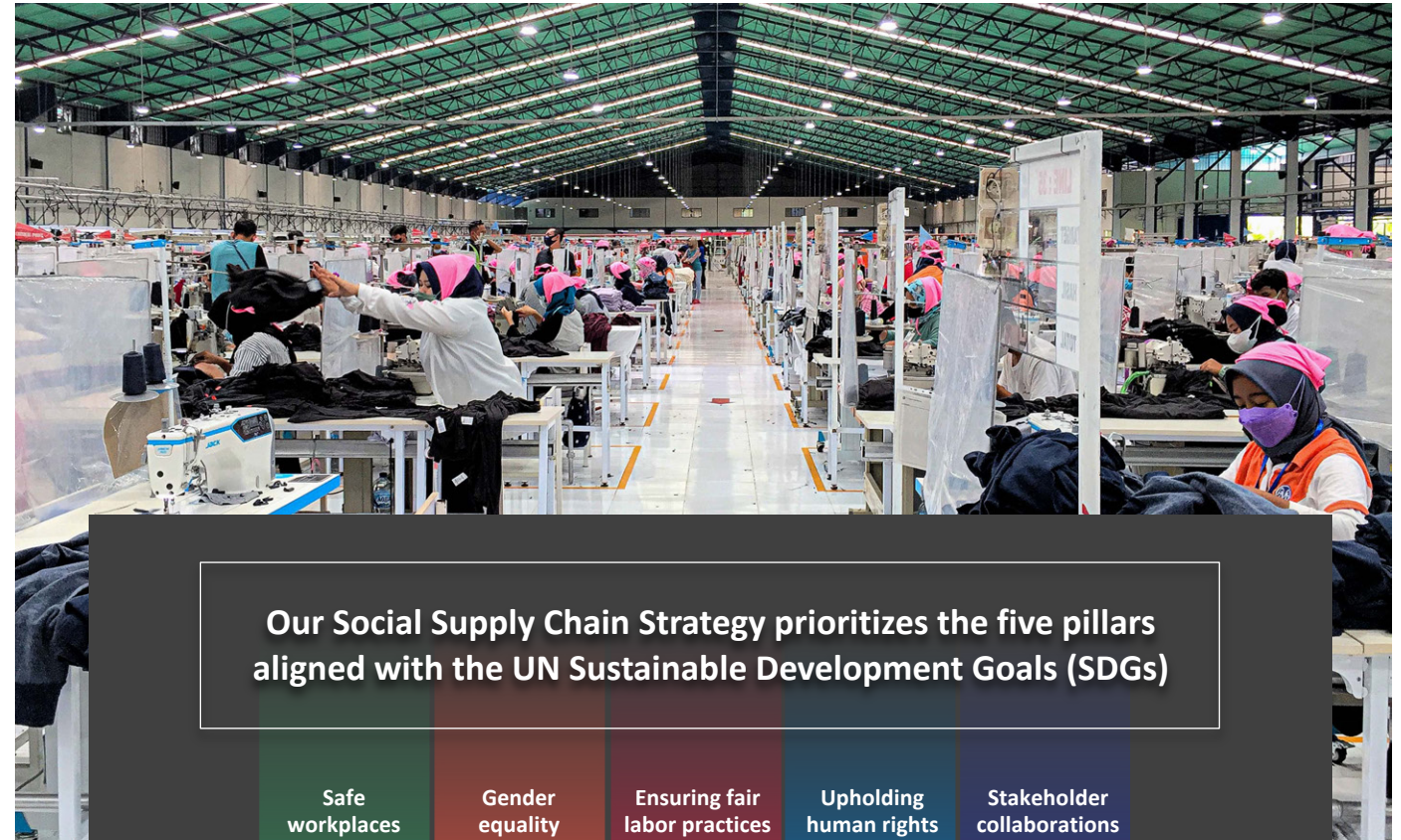
11 Responsible Sourcing

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As a global leader in supply chain solutions, Li & Fung is committed to advancing responsible sourcing practices that align with high environmental, social, and governance (ESG) standards. We recognize that ethical supply chains are crucial to driving the global sustainability agenda and creating lasting value for our customers, communities, and the planet. Guided by international frameworks such as the UN Sustainable Development Goals (SDGs), the UN Guiding Principles on Business and Human Rights, and the ILO’s core conventions, we prioritize ethical labor practices, environmental stewardship, and human rights protection.

As we strive to deliver top quality consumer products, we engage with a diverse network of suppliers around the world, enabling us to create meaningful change throughout our supply chain. In 2024, we partnered with 4,566 Tier 1 factories across 32 production economies, with 880 of these factories contributing to 80% of the value of goods shipped to our customers. Notably, these 880 factories represent 19% of our total active factories, highlighting our ability to drive significant impact through targeted partnerships.

For over a century, we have connected businesses with suppliers, sourcing, production, digital innovation, and sustainability to transform complex global supply chains into agile, ethical, and future-ready networks. By emphasizing transparency and fostering collaboration with key stakeholders, we are committed to sourcing sustainable products and services that respect human rights and elevate working conditions within our supply chain. Together, we are paving the way for a sustainable and equitable supply chain for all.



SUSTAINABLE DEVELOPMENT GOALS

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100% newly approved factories across 12 countries fulfilled the onboarding requirements



Spot Check 736 Tier 1 and 93 upstream factories in 11 countries



Educated 10,514 factories representatives with 363 training sessions



Remediated 30 egregious non-compliance cases in 9 countries



Implemented Responsible Exit Guidelines and Child Labor Remediation & Prevention Guidelines



Received 38,993 direct Worker Voice responses from 940 factories, including 88 lower tiers factories on workplace treatment



Remediated 407 factories with critical findings



Improved 233 factories on electrical fire safety



Through proactive monitoring program, 1,916 workers were reimbursed a total of USD8,566 for recruitment related costs



11.1 OUR APPROACH

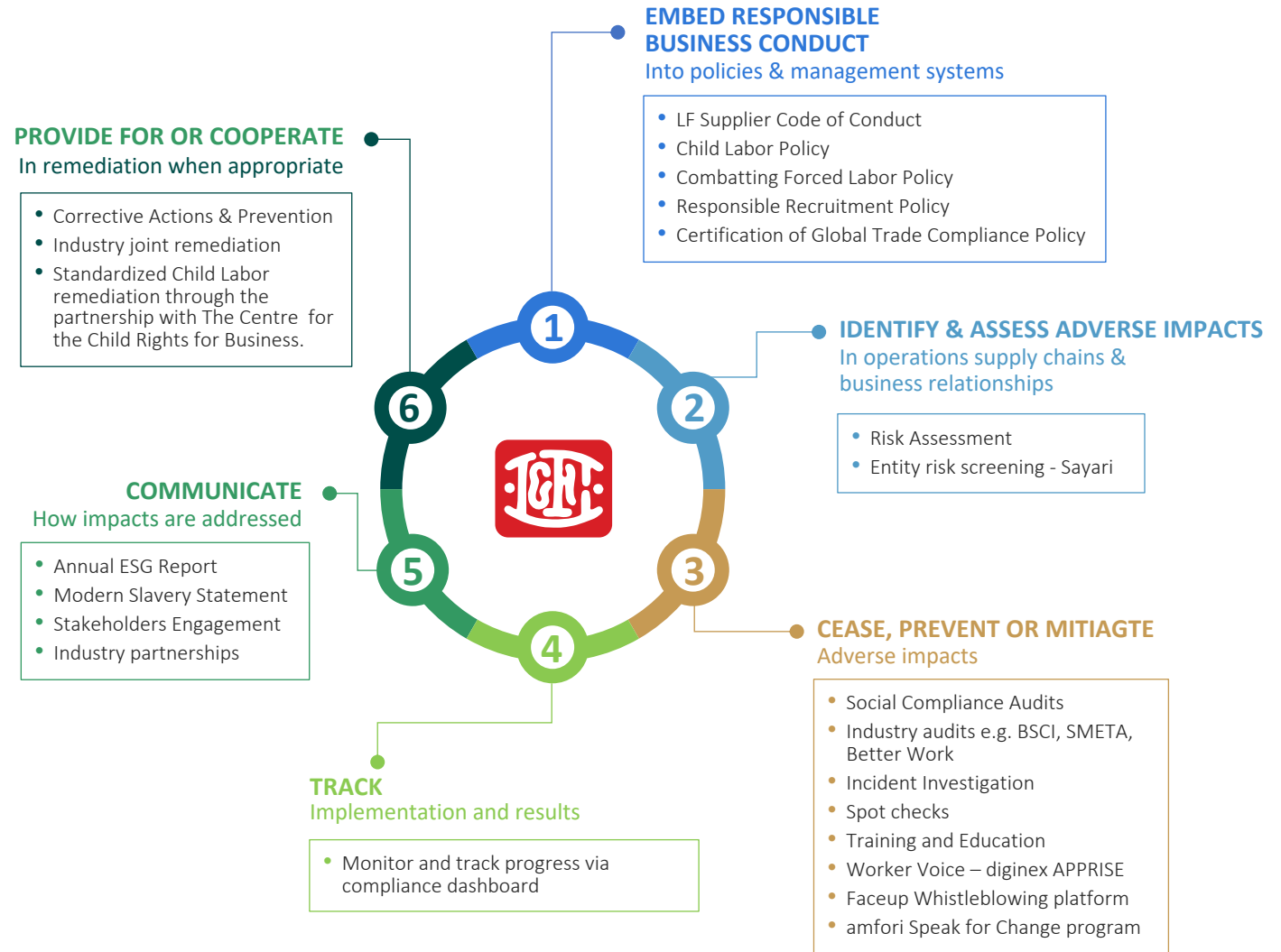
Li & Fung integrates environmental, social and governance (ESG) principles into its supply chain due diligence, ensuring ethical, sustainable operations globally. We recognize the importance of robust due diligence in mitigating risks, upholding human rights and addressing environmental impacts, fully aligning our efforts with the OECD Due Diligence Guidance for Responsible Business Conduct.

Following the OECD’s six-step framework, we systematically identify, address, and remediate risks across our supply chains. This includes enforcing our Supplier Code of Conduct and launching targeted initiatives to combat forced and child labor. By embedding these measures, we aim to proactively manage ESG risks while ensuring affected communities and workers have access to remedies.

Our program begins with comprehensive policies, including our Supplier Code of Conduct, and targeted initiatives addressing forced and child labor. We aim to identify and mitigate social and environmental risks while ensuring rights holders have access to remedies. To reinforce these policies, we conduct rigorous risk assessments and social audits to identify vulnerabilities, from forced labor to environmental hazards. We then implement corrective actions, including supplier capacity-building programs and worker-centric grievance mechanisms, to address gaps.

We also proactively engage with industry stakeholders to strengthen compliance practices. By maintaining high ethical and legal standards across the value chain, we promote transparency and accountability for all stakeholders.

By tracking the effectiveness of these measures and prioritizing remedy mechanisms, we uphold our commitment to continuous improvement, ensuring that responsible business conduct remains central to our operations and long-term positive impact.



11.1.1 EMBEDDING DUE DILIGENCE INTO MANAGEMENT SYSTEMS

Policy commitments: aligning with global standards

Our Supplier Code of Conduct (Supplier Code) establishes foundational standards for human rights, labor practices, health and safety, environmental protection, and business ethics. These standards are grounded in international frameworks such as the UN Guiding Principles on Business and Human Rights, ILO conventions, and local laws. Key requirements include:

- **Social Compliance:** Prohibition of child labor forced labor, and discrimination; fair wages, reasonable working hours, and safe workplaces.
- **Environmental Standards:** Resource efficiency, waste reduction, and adherence to climate action targets.
- **Governance:** Transparent record-keeping, anti-corruption measures, and ethical recruitment practices.

To address critical risks, we enforce targeted policies including our Combatting Forced Labor Policy, Child Labor Policy, and Responsible Recruitment Policy, and mandate supplier compliance with global trade regulations.

In 2024, we updated the Trade Compliance Policy to include economic, financial and other types of sanctions. The Policy ensures the company does not knowingly engage in transactions that may violate applicable sanctions, import/export controls and other applicable international trade laws.

The infographic features a central image of the 'LI & FUNG Supplier Code of Conduct Version 6.0' document. To its right, four circular icons represent key pillars: a building with a gear for 'Governance Systems', a shield with a cross and hands for 'Workplace Safety And Health', a balance scale for 'Fundamental Rights At Work', and a plant growing from a globe for 'Environmental Resilience'.

To ensure adherence, [the Supplier Code - available in 13 languages](#) on our website is reinforced through mandatory e-learning courses for all suppliers. This proactive training ensures a shared understanding of ethical practices, empowering suppliers to minimize negative impacts on workers, communities, and the environment. Suppliers must also extend compliance requirements to their next-tier partners, fostering accountability through the supply chain.

Policy integration & risk-based audits

Our supplier onboarding process integrates globally recognized sustainability benchmarks to foster ethical partnerships. Aligned with frameworks such as the UN Guiding Principles on Business and Human Rights and the OECD Due Diligence Guidance, we prioritize transparency and shared accountability. To operationalize this, we implement:

- **Third-Party Audits:** Independent Third-party evaluates Tier 1 suppliers against BSCI, SMETA, and Better Work and other standards, with audit frequency tailored to risk levels.
- **Harmonized Standards:** By recognizing nine industry certifications, we reduced audit duplication at factory level, enabling close to 100% factories being effectively monitored and meeting standards efficiently.
- **Threshold for Partnership:** Suppliers must achieve a minimum of C-rating during onboarding. In 2024, 535 new suppliers met this threshold, while 21 new suppliers received guidance to bridge gaps.



It is an absolute pleasure to work with Li & Fung in their efforts to proactively manage ethical sourcing risks to deliver a holistic supply chain management solution for their clients. Li & Fung has actively supported community building and collaborative initiatives, while engaging with Sedex as a vital stakeholder in a range of global trade issues. We appreciate their commitment to supply chain due diligence and the broader value their activities bring not only to their clients, but society at large. — SEDEX



We safeguard human rights through a three-pillar approach

11.1.2 IDENTIFYING & ASSESSING ADVERSE IMPACTS

Proactive risk screening

Through a partnership with Sayari, the transparency company that empowers organizations to manage risks effectively and make critical decisions confidently, we screen suppliers for ESG risk including links to forced labor and sanctions violations during onboarding, as well as for ongoing, near-real time monitoring. High-risk findings prompt immediate action, which may include severing ties with certain suppliers or finding alternative suppliers.

Supply chain mapping & traceability

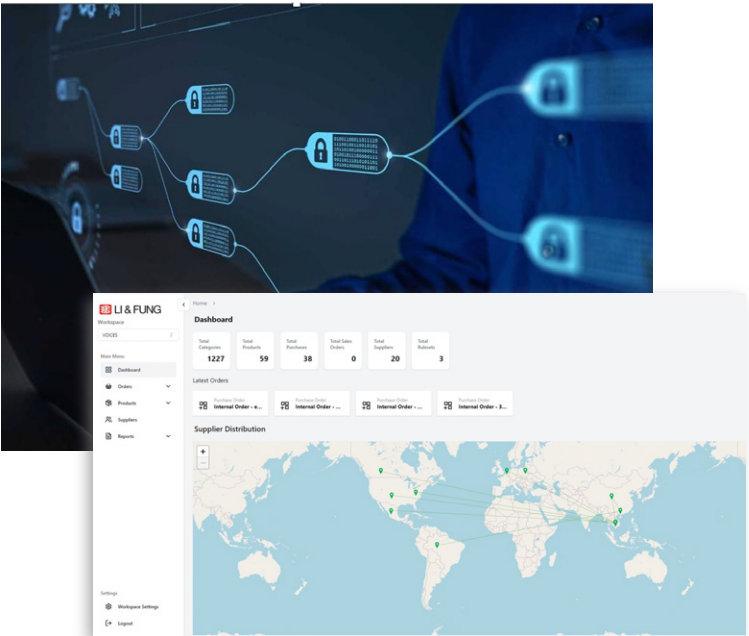
Understanding the breadth and depth of our operations and supply chain is essential to identifying risks and harms of forced labor. Having in place effective policies and processes that enable effective supply chain mapping and traceability is also increasingly a pre-requisite for compliance with legislation in Europe, the United States and other key markets.



Accordingly, we require suppliers to provide critical information related to a product’s life cycle, and to provide specific documentation upon request. This includes conducting due diligence to identify all business connections in respect to sanctioned entities, and to put appropriate policies and procedures in place to better detect and prevent forced labor.

Transparency for supply chain (T4S)

We use an internal platform called Transparency for Supply Chain (T4S) to more effectively manage our supply chain mapping and chain of custody processes. In 2024, the platform was implemented in selected areas of the business, mapping 205 purchase orders across 141 unique styles from 101 suppliers. Using this approach, we continue to establish traceability or chain of custody systems to track the origin and flow of high priority materials.



Unannounced spot checks for deeper transparency

To address hidden risks, we conducted **978** unannounced spot checks across **12** countries in 2024. Our internal compliance team performed **829** spot checks (including 93 upstream supplier visits) targeting critical & egregious issues like child labor, exploitation and/or abuse of vulnerable workers, harassment, and safety violations, while contracted third parties conducted **149** at Tier 1 and 8 audits at upstream suppliers of which **45** focused on forced labor and gender equity gaps to ensure impartiality. These efforts align with with SDG 5 (Gender Equity) and SDG 8 (Decent Work).

Our unannounced spot checks proactively address risks like worker exploitation and safety violations. All findings trigger root-cause analyses and systemic improvements, ensuring lessons learned drive future resilience.

This layered strategy combines digital tools, traceability systems, and on-ground verification to uphold ethical standards while navigating complex regulatory landscapes.

11.1.3 PREVENTING & MITIGATING RISKS

Suppliers that fall below compliance thresholds of a C-rating are required to enter time-bound corrective action plans, with their progress tracked regularly. In 2024, we remediated 407 suppliers with critical issues, and 30 egregious cases identified through the regular factory audits and spot checks. Among the 30 egregious cases, 23 factories fully resolved issues through root-cause analysis e.g., safety upgrades and responsible recruitment, and 7 suppliers were suspended after insufficient progress. In rare instances of unresolved violations, responsible disengagement is undertaken to ensure minimal disruption for workers and communities.

For non-compliances that involve underage workers, we work in partnership with The Center for Child Rights for Business to develop a responsible solution that is in the best long-term interests of the child. Remediation follows available best practice and will seek to meet the educational, social and economic needs of any child concerned.

Our Vendor Compliance team is also responsible for handling and investigating complaints made by workers or internally related to any concern in factories. We take an end-to-end approach to all human rights, safety, or environmental issues by designating a responsible team, investigating root causes, collecting data and information, managing the remediation, working with the business team to resolve the issue as required, and rigorously documenting everything until project closure.

11.1.4 TRANSPARENCY & REPORTING







We recognize the importance of continuous improvement. We regularly engage with internal and external stakeholders to provide updates on our latest developments to improve our strategy, management and performance. We publish our annual ESG report, highlighting key audit outcomes, progress towards ESG goals, and remediation efforts.

We also release an annual statement outlining our ongoing efforts to combat modern slavery and human trafficking in compliance with the California Transparency in Supply Chains Act (SB 657) and the UK Modern Slavery Act of 2015. Please see our 2024 Modern Slavery Statement (insert link) for more details on our activities in 2024 aimed at eradicating modern slavery.

11.1.5 EMPOWERING SUPPLIERS: CAPACITY-BUILDING FOR SUSTAINABLE IMPACT

Li & Fung invests in supplier capacity building, providing educational training programs on human rights, fair labor, health & safety and other critical areas to enhance their social and environmental performance. These sessions equipped suppliers to self-identify risks and align with our Supplier Code, fostering sustainable operational improvements.

“*Li & Fung is the first, among our customers, to arrange training on HREDD requirements. The training provided us with valuable insights into upcoming business needs, HREDD requirements, risk identification, and the remediation process.* — Arif Khan — General Manager of Compliance, Anata companies (Bangladesh).”

	Sessions	Suppliers
 LF SUPPLIER CODE	29	104
 HEALTH & SAFETY	66	567
 LABOR PRACTICES	Total (LF VCS and External Partners)	
▲ Child Labor Prevention	16	1021
Modern Slavery	22	1005
Grievances Mechanisms	17	327
Other Labor Related	90	273
Total	145	1,643
 TRACEABILITY	8	131
 HREDD	7	385
 OTHERS	108	883
Total Number of TRAINING SESSIONS		Total Number of PARTICIPANTS
363		10,514

Listening to Workers

Every worker deserves a trusted way to raise concerns – yet only **19%** in global supply chains have access to grievance channels (ILO). At Li & Fung, we are committed to changing this.

11.1.6 GRIEVANCE MECHANISMS

FaceUp grievance platform

In 2023, Li & Fung has implemented a third-party grievance and whistleblowing platform that allows concerned stakeholders, including workers, to confidentially and securely report in multiple languages issues such as forced labor, child labor, discrimination, and safety risks in multiple languages. The platform includes voice messages and accommodates multiple languages to help overcome any language or literacy challenges. Suppliers are asked to post the QR code to access FaceUp and encourage workers to report any violations directly and anonymously. The channel is also promoted by many Li & Fung customers to ensure a wider reach.

Li & Fung also facilitated a training session, which showcased practical steps and insights on how to put in place an effective grievance mechanism for 651 participants from 321 factories and vendors in 16 economies. This included making suppliers aware of the Face-up Grievance Mechanism.

Clear guidelines and education

We developed a new Incident and Grievance Escalation Policy in May 2024. The Policy provides clear guidelines for categorizing and escalating incidents and grievances based on their severity. It has been socialized with internal teams and put into practice.



Worker Voice – diginexAPPRISE

We partner with diginex to collect worker feedback via an app called APPRISE. This worker voice tool employs a multilingual survey interface with voice functionality and targeted modules addressing working conditions, gender equality and responsible recruitment, effectively breaking languages barrier.

In 2024, we enhanced the procedure using 2023 learnings and our teams’ feedbacks. Diginex updated the survey checklist with revised question phrasing for clarity, refined translations, and expanded safety-related topics. Through the APPRISE Worker Voice initiative, we identified 31 high-risk facilities, which helped us focus on mitigating risks related to safety concerns, wage withholding, and freedom of movement, serving as guiding principles for our improvement efforts.

Industry collaboration – amfori speak for change

Additionally, we are utilizing grievance mechanisms from industry partnerships to offer additional trusted reporting options for workers in our supply chain. We continue to work with amfori’s Supply Chain Grievance Mechanism, “Speak for Change”, which operates in Bangladesh, India, Turkey and Vietnam. The mechanism allows workers to submit anonymous grievances through one of three different channels (telephone, website or application). In 2024, we collaborated with other amfori’s members through the Speak for Change to resolve cases like workplace abuse in Bangladesh and safety concerns in Vietnam. We also addressed grievances raised by trade unions, ensuring fair outcomes for workers, including owed wages and training on labor rights.



“We can safely express our view on factory condition without the fear of being seen or heard by others”
— Van, a finishing worker in a Vietnam apparel factory.



[Collaborative Partnerships for Industry-wide Impact]

11.1.7 COLLABORATIVE PARTNERSHIPS FOR INDUSTRY-WIDE IMPACT

Li & Fung actively collaborates with industry organizations to amplify our impact and enable collective solutions to systemic challenges.



Li & Fung is a member of the American Apparel & Footwear Association (AAFA) and participates in the Social Responsibility Committee and the Forced Labor Working Group. We are a signatory to the AAFA and Fair Labor Association's Revised Commitment to Responsible Recruitment, addressing forced labor risks for migrant workers in the global supply chain, and have updated our Responsible Recruitment policy accordingly.



Li & Fung's partnership with the ILO-IFC Better Work Programme enhances workplace conditions across 283 factories in its network through social compliance assessments, advisory services, and worker empowerment initiatives. In 2024, the partnership resulted in training for 9 suppliers on grievance mechanisms and focused on migrant workers in Jordan, addressing recruitment risks, mental health support, and workers' rights. This collaboration culminated in two landmark MoUs to provide legal aid for garment workers through the Workers' Voice Project.



We partner with amfori to advance sustainable and ethical supply chain practices globally through the BSCI (Business Social Compliance Initiative). In 2024, over 60% of Li & Fung's Suppliers adopted BSCI standards, reinforcing our commitment to responsible sourcing. We also support amfori's Speak for Change initiative to address workers' grievances by collaboration with other amfori members. Together, we strengthen labor rights, environmental standards, and social compliance.



Li & Fung partners with The Centre for Child Rights and Business (The Centre) to strengthen our commitment to advance ethical supply chains by prioritizing children's rights. This collaboration focuses on combating child labor risks, safeguarding young workers from hazardous work, and promoting community well-being across our global supplier network. Leveraging The Centre's expertise, we integrate child-centric policies, conduct impact assessments and provide supplier training to align with international standards like the UN Convention on the Rights of the Child. This collaboration underscores Li & Fung's proactive approach to addressing systemic risks related to child labor and promoting the well-being of vulnerable communities within our supplier network.



In 2024, Li & Fung continued its active collaboration with the Mekong Club's Manufacturing & Retail Working group, where members exchange best practices and tackle industry challenges. In April 2024, the group convened to discuss effective remediation and grievance mechanisms amid evolving regulations. This collaboration, along with additional strategic guidance from the Mekong Club, allowed Li & Fung to enhance its grievance policies, improve responses to supply chain grievances, and strengthen responsible recruitment practices.



Li & Fung has partnered with Sedex since 2011 to enhance supply chain transparency and ethical practices. Leveraging Sedex's platform for audits, risk assessments, and advanced data analytics enables targeted risk prioritization and remediation. This collaboration drives supplier compliance with global standards, reinforcing Li & Fung's commitment to responsible business practices.

11.2

RESPECTING CHILDREN’S RIGHTS AND ELIMINATING CHILD LABOR

Li & Fung is committed to ensuring our business practices respect children’s rights and contribute to the elimination of child labor in all business activities and business relationships. Our approach to achieving this goal comprises four critical areas of focus:



REINFORCING GOVERNANCE AND POLICY

In 2024, we developed the new Child Labor Prevention and Remediation Guideline in response to the growing awareness and urgency of addressing child labor issues within global supply chains.

The guideline includes a Zero Tolerance Policy, Preventive Measures, Effective Remediation Processes, Stakeholder Engagement and Accessible Grievance Mechanisms, Child Labor Prevention and Remediation Guidelines for Li & Fung Suppliers

IMPLEMENTING CHILD LABOR PREVENTION AND REMEDIATION



We collaborated with The Centre for Child Rights and Business to improve the training capabilities of our internal Vendor Compliance team through three customized "Train the Trainer" sessions. We carried out 13 child labor training sessions globally, with 1,286 participants from 921 factories in key sourcing countries.

In 2024, four child labor cases were identified and successfully remediated, demonstrating our proactive commitment to addressing such issues. The related factories cooperated in the remediation process, highlighting the importance of collaboration in achieving compliance.

Li & Fung Child Labor Strategy



ENHANCING CHILD LABOR DUE DILIGENCE

We introduced a Risk Matrix that assists us in prioritizing factories for spot checks and in-depth assessments based on the level of risk identified. Additionally, we have refined our Spot Check Methodology to make it more effective and comprehensive in detecting potential issues.

To support these initiatives, we have also invested in training our internal team to conduct in-depth Child Labor Assessments. This training equips them with the necessary skills and knowledge to navigate the intricacies of child labor issues.

INDUSTRY PARTNERSHIPS TO DRIVE COLLECTIVE EFFORTS



Li & Fung has established a longstanding partnership with The Centre for Child Rights and Business dedicated to supporting companies in upholding children's rights. We joined the Child Rights Action Hub in Bangladesh, which targets lower tiers of the supply chain where the risks of child labor are most pronounced.

Li & Fung has established a \$10,000 emergency fund to expedite support for children affected by child labor, addressing remediation challenges and ensuring swift action. This initiative reinforces our dedication to safeguarding children’s well-being by removing barriers to urgent assistance in critical situations.

We also collaborate closely with other industry stakeholders, including amfori and the ILO-IFC Better Work Program, on child labor prevention and remediation efforts.

Child-Friendly Space

11.2.1 ADDRESSING ROOT CAUSES OF CHILD LABOR

In the summer of 2023, Li & Fung identified a child labor issue at a Chinese factory, uncovering a systemic issue faced by many working families: the absence of safe, affordable childcare. Recognizing that child labor often stems from economic necessity and gaps in social infrastructure, Li & Fung partnered with The Centre for Child Rights and Business (The Centre) to address the root cause empowering parents with reliable childcare solutions. This collaboration led to the creation of a Child-Friendly Space (CFS), a sustainable initiative designed to safeguard children’s rights, alleviate pressures on families, and foster long-term community resilience.

From issue to systemic change: how the CFS tackles root causes

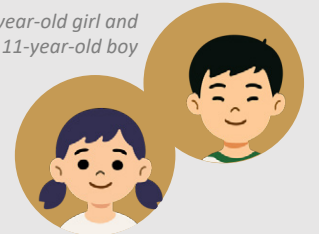
The CFS, operational during school break season from mid July to end August, provides a secure, enriching environment where factory workers’ children can engage in educational activities, creative play, and supervised care. By directly addressing the childcare deficit that forces parents to bring children to work or leave them unsupervised, the program disrupts the cycle of child labor. It enables parents—particularly women, who often bear disproportionate caregiving burdens—to work with peace of mind, knowing their children are thriving in a nurturing setting. Beyond immediate safety, the CFS invests in children’s development through homework support, arts and crafts, and social interaction, fostering skills that break generational poverty cycles.

By prioritizing systemic solutions over short-term fixes, the CFS exemplifies how businesses can drive meaningful change. It not only protects children, but also strengthens communities, proving that ethical supply chains are built on empathy, innovation, and investment in people. As Li & Fung continues to refine this initiative, the focus remains on creating a future where no parent must choose between their livelihood and their child’s safety—a future where dignity and opportunity thrive for all.



“We love the activities here! The teachers are kind, and we’ve made friends. It’s fun to learn and play - we want to come back next year.”

— A 6-year-old girl and 11-year-old boy



“The CFS isn’t just a space—it’s a commitment to our community. Next year, we’ll add age-specific programs, like hiring a teacher to help older kids with homework, ensuring that every child benefits.”

— Mr. Han, Factory Manager



“Before the CFS, I worried about leaving my granddaughter home alone and often brought her to work. Now, she’s gained so much confidence, has learned new things and made new friends. This program is a blessing.”

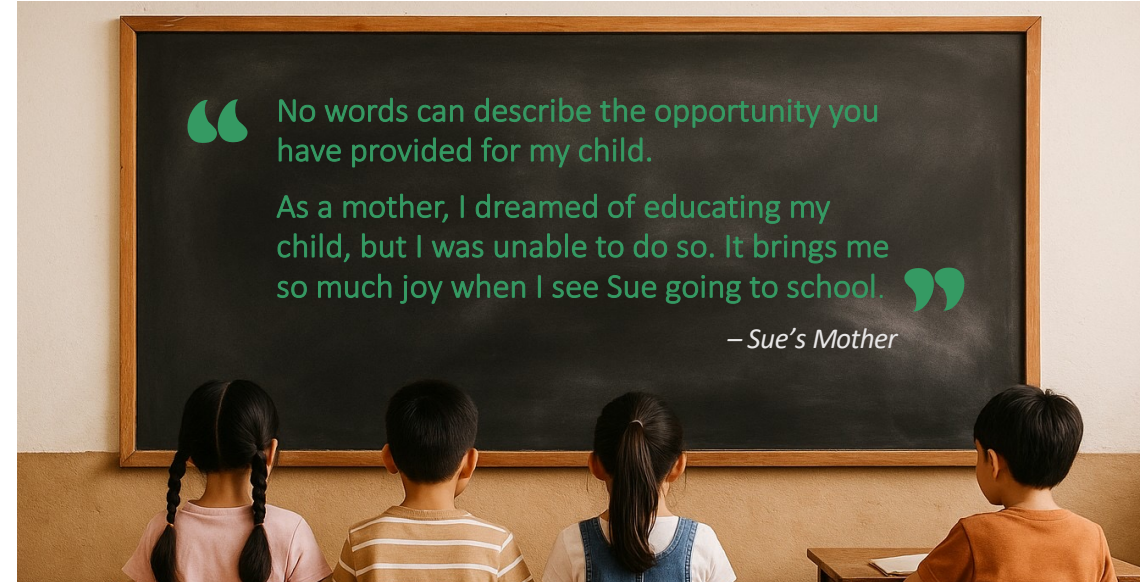
— A grandmother and packing worker

VOICES FROM THE COMMUNITY

11.1.2 PROTECTION OF YOUNG WORKERS FROM HAZARDOUS WORK

Li & Fung is dedicated to providing decent work opportunities for young people of legal working age, adhering to local and international regulations on young worker protection. In 2024, a young worker was found doing hazardous work at a factory in Vietnam. The worker was swiftly removed from the position, and the factory underwent a full-day training session by The Centre to improve management practices.

This training significantly enhanced the factory's management capabilities and their understanding of child labor management. Participants learned essential skills in age verification and risk mitigation, and, with facilitator guidance, created a comprehensive action plan to promote responsible labor practices and support young workers. By December 2024, the factory completed the action plan and began ongoing training to raise awareness about child labor among employees.



11.1.3 A LIFE TRANSFORMED THANKS TO CHILD LABOR REMEDIATION PROGRAM

This is the story of Sue (a pseudonym), who started working as a child laborer at 14 after she dropped out of school in Grade 6 due to her parents' job losses from pandemic-related workplace closures and financial difficulties. She began working in a garment factory, often putting in 8 to 11 hours a day, and had to forge her birth certificate to secure her job. Sue was discovered during an audit by Li & Fung's vendor compliance team, which promptly worked with the factory to implement a remediation program that allowed her to return to education.

With support from The Centre for Child Rights and Business, we tracked Sue's progress, and she excelled in Grade 7 in 2022, now aspiring to earn her Higher Secondary School Certificate (SSC) for future government job opportunities. While the certification may not guarantee better employment, it positively influences her outlook on life.

Sue's parents are grateful for the opportunity provided through the remediation program, which highlights the importance of child labor remediation. Through these supportive actions, we can help children like Sue realize their full potential, fostering hope and creating sustainable change in their communities.

11 Responsible Sourcing

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Appendix I – III

11.2.4 RECOGNITION FOR OUR WORK ON CHILD RIGHTS

Li & Fung ranks as a Leader in the apparel and footwear sector for protecting children's rights: 2024 Global Child Forum Benchmarking

Li & Fung has been recognized as a Leader in children's rights by the Global Child Forum², a Swedish non-profit organization, for its significant efforts in protecting children's rights within the Apparel and Footwear Sector. This recognition was based on an assessment and benchmarking in 2024 by the Global Child Forum in collaboration with the Boston Consulting Group.

Li & Fung, a subsidiary of Fung group has scored 8.0 out of 10 and earned the title of Leader in the Consumer Discretionary sector. Our achievement is rooted in our commitment to developing, integrating, and implementing policies and practices that address our impact on children's rights, creating positive changes both within the company and throughout our supply chain.



Li & Fung ranks 1st among 12 leading companies assessed in 2024 Child Labor Remediation Feedback Report in promoting child rights protection by The Centre

Li & Fung has been recognized as the top company in the 2024 Child Labor Remediation Feedback Report by the Centre for Child Rights and Business ('The Centre'). Launched in 2022, this annual exercise evaluates member companies on their child labor remediation practices to improve child rights protection. Li & Fung excelled in all five criteria, scoring above the average for member companies, which underscores its commitment to child rights, decent working conditions, and family-friendly policies.

The report highlights the importance of external benchmarking, providing Li & Fung with an objective measure of its performance against industry standards. This approach helps identify areas for improvement and sets progressive performance targets while promoting the exchange of best practices among companies, benefiting the industry's efforts to combat child labor.



The Centre for Child Rights and Business has worked with Li & Fung for several years and is proud to partner with a client as proactive, committed and transparent as Li & Fung in protecting children's rights in the supply chain. From child rights risk assessments and child labor policy reviews to training on child labor prevention and remediation for supply chain partners, including subcontractors, Li & Fung has consistently embraced our recommendations and taken concrete actions to address long-term risks.

Most recently, Li & Fung has also supported the Child Rights Action Hub in Bangladesh, helping scale child labor remediation and access to decent work in the lower tiers of the ready-made garment sector. — another sign of their commitment to driving positive change for children and youth.

² Please refer to more details of [the Global Child Forum and Benchmarking Scorecard](#)

11.3

ENHANCING WORKER SAFETY AND WELLBEING

In industries reliant on machinery and materials, workplace hazards pose critical risks to employee health and safety. At Li & Fung, we prioritize the safety, health, and wellbeing of workers across our global supply chain. Through collaboration with suppliers, customers, industry partners, and stakeholders, we implement robust safety programs designed to ensure that no workers are injured or suffer harm during the production of products or while providing services to our customers.

Collaborative Progress in high-risk regions

In Bangladesh, where millions are employed in the ready-made garment (RMG) industry, we acknowledge that prioritizing the safety and well-being of factory workers is essential to our operations and vital for earning our customers' trust.

To uphold this priority, we actively support industry-led safety initiatives, requiring all new factories to achieve a minimum 90% remediation rate for electrical, fire and structural safety improvements prior to onboarding. This standard is reinforced through our Safety Standard Operating Procedure (SOP) designed to ensure consistent and sustainable safety practices across our supply chain.

In partnership with Better Work Bangladesh, we are making measurable strides: currently, **72** out of 162 factories in our network participate in the program, safeguarding **257,804** workers. This collaboration helps factories address safety gaps, improve working conditions, and align with international labor standards.

Workplace Safety Training: Building Knowledge, Reducing Risk

We recognize that training plays a pivotal role in raising awareness of safety standards across factories. In 2024, we partnered with key stakeholders, International Training Center (ITC), and Better Work Bangladesh to deliver 66 training sessions across **567** factories, empowering **2,651** managers and workers with actionable skills to identify hazards and adhere to safety protocols. This collaborative effort emphasizes industry best practices, enabling workers to systematically address risks and enhance operational resilience.

LF Workplace Safety Program

To demonstrate our commitment to workplace safety, Li & Fung has launched three key initiatives focusing on Electrical and Fire Safety, Boiler, Lift, and Generator Safety, and the Safety of Denim Washing and Dyeing Machines. Our emphasis on these critical areas is driven by their potential risks to workers as these hazards can lead to severe consequences. By prioritizing these initiatives, we aim to create a secure environment that minimizes accidents and protects the lives of factory workers. We are actively working to support our factories by identifying and addressing potential safety hazards, while also raising awareness through training sessions led by our engineers and industry experts. **These programs included twelve economies: Bangladesh, China, Cambodia, Egypt, India, Indonesia, Jordan, Philippines, Taiwan, Thailand, Turkey, and Vietnam.**



11.3.1 LI & FUNG WORKPLACE SAFETY PROGRAMS

Our targeted safety initiatives address high-risk areas across **twelve economies: Bangladesh, China, Cambodia, Egypt, India, Indonesia, Jordan, Philippines, Taiwan, Thailand, Turkey, and Vietnam.**

Electrical and fire safety program

We have addressed critical hazards like overheated installations and blocked emergency exits, identifying 130 high-risk factories in 2024. Our engineers and experts conduct training sessions to help factories quickly resolve these issues, prioritizing those most at risk. Together, we are making significant progress toward safer workplaces. Since the program launched in 2020, we have raised safety standards in **1,120** factories.

Boiler, lift, and generator safety program

The program was launched in 2022 to ensure a thorough assessment of the safe handling, operation, and maintenance systems. We have made significant progress in raising awareness about safety concerning lifts, boilers, and generators across 512 factories since 2022, including 182 factories in 2024. We have classified 52 factories as high risk, 99 as medium risk, and 31 as low risk. Some common issues identified were the lack of competency certificates for operators, inadequate maintenance, and insufficient training provided by relevant authorities. Our team has successfully helped factories remediate 100% of the high-risk issues and 99% of the medium-risk issues, and we are currently addressing the remaining concerns.

Denim washing and dyeing machine safety program

The program was specifically designed based on the AAFA denim washing safety guidelines to enhance safety standards in denim production. Since the program launched in 2023, a total of 26 factories were assessed, including 14 factories in 2024. During assessment, we identified one factory as high-risk and 13 factories as medium risk. The most common issues found included malfunctioning emergency stop buttons, a lack of hazard signage near machinery, ozone treatment areas that were not properly equipped, and failure to follow established standard operating procedures (SOPs). Our vendor compliance team has been collaborating closely with the factories to address and resolve all safety issues.



“We would like to express our appreciation and gratitude for the Fire Electrical Safety and Workplace Safety Program initiated and monitored by Li & Fung. The program's focus on critical areas such as lift, generator, and boiler safety has significantly enhanced our understanding and monitoring practices.

Before this program, our monitoring in these critical areas was more superficial. However, through the insights and structured approach provided by the program, we've learned a great deal about the importance of deep dive monitoring and ensuring comprehensive safety measures are in place. This initiative has significantly improved our awareness and understanding of the safety protocols necessary to protect our workplace, equipment and operations.

The practical guidance offered has helped us strengthen our internal processes, and we now feel more confident in ensuring that safety is a priority in every aspect of our operations. Thank you for your continued support and for helping us take such important strides towards a safer work environment. — **Subramanian S**, Head of Compliance, Ramesh Flowers Private Limited, Gala India Group



11.4

ENDING MODERN SLAVERY AND PROMOTING RESPONSIBLE RECRUITMENT

The International Labor Organization (ILO) estimates that almost 50 million people are trapped in modern slavery, with 27.6 million subjected to forced labor. Li & Fung is dedicated to tackling the risks and impacts of forced labor within our operations and supply chains. We achieve this by implementing robust policies and processes, conducting assessments and ongoing monitoring of forced labor risks, building suppliers' capabilities, and ensuring access to effective grievance mechanisms and remedies.

11.4.1

POLICY FRAMEWORK TO COMBAT MODERN SLAVERY

Li & Fung is committed to eliminating modern slavery which is reflected in our four core policies governing our operations:

The combatting forced labor policy requires adherence to ethical labor practices in accordance with the Li & Fung Supplier Code of Conduct. This policy ensures that no products are made using any form of forced labor, including labor from suppliers and subcontractors at any stage of production.

The responsible recruitment policy establishes clear ethical guidelines for recruitment practices, emphasizing the protection of migrant workers. It is aligned with the standards set by the International Labour Organization (ILO) and the American Apparel and Footwear Association (AAFA) Pledge on Responsible Recruitment.

The trade compliance policy requires that all suppliers refrain from engaging in any transactions that violate sanctions, import/export controls, or other international trade laws.

Global trade compliance certification sets out for traceability and transparency concerning high-risk materials.

AMERICAN APPAREL & FOOTWEAR ASSOCIATION

Li & Fung is a member of the American Apparel & Footwear Association (AAFA) and participates in the Social Responsibility Committee and the Forced Labor Working Group. We are a signatory to the AAFA and Fair Labor Association's Revised Commitment to Responsible Recruitment, addressing forced labor risks for migrant workers in the global supply chain, and have updated our Responsible Recruitment policy accordingly.

To strengthen these policies, we proactively identify and address gaps by developing additional guidelines. In 2024, we partnered with The Mekong Club to improve responsible recruitment practices, enhance grievance mechanisms, and responsible exit strategies. These updates aim to strengthen our processes and formalize suppliers' obligation more effectively.

Recruitment fees reimbursement guidelines

Guidelines detail reimbursement processes for recruitment fees and related costs paid by workers, covering both internal and external recruitment channels such as recruitment agencies or labor recruiters or any other intermediaries. These will be integrated into [the Responsible Recruitment Policy](#) in 2025.

Responsible exit guidelines

The Responsible Exit Guidelines aim to improve worker protections during business terminations. These guidelines outline due diligence measures intended to minimize potential negative social and environmental impacts. They have been shared with our internal business and compliance teams for effective implementation.

Operational grievance mechanisms guidelines

To support our suppliers in establishing an effective grievance mechanism under due diligence regulations, we have drafted guidelines aimed at helping them set up efficient operational grievance systems, launching in 2025.



“*The Mekong Club has been partnering with Li & Fung for almost 10 years, with the shared mission to address modern slavery in supply chains. Li & Fung is an active and committed member of our Manufacturing & Retail Working Group, consistently contributing to peer discussions and sharing insights that benefit the broader community. Beyond regular participation, their team frequently engages with us to brainstorm and co-develop practical tools to support responsible sourcing. In 2024, we were pleased to support Li & Fung’s ESG Day by delivering tailored training on global due diligence legislation. Their proactivity and collaborative mindset make them a trusted partner, and we continually learn and grow through our work together.* — **Clemence Aron**, Programme Director, The Mekong Club

11.4.2 ASSESSMENT AND MONITORING

Risk assessment

In 2024, we conducted a systematic human rights risk assessment across six key production economies, focusing on seven salient human rights risks including forced labor, using different indicators and data sources. Risks to workers were prioritized by likelihood and severity, supported by stakeholder engagement via surveys of workers, managers, clients, industry groups, and human rights experts. The assessment informs Li & Fung’s prevention and mitigation strategies, such as integrating climate and human rights goals, conducting targeted audits and spot checks for deeper risk insights, and expanding supplier training and worker awareness programs.

Scale up due diligence over recruitment practices

We utilize diginexLUMEN, a third-party platform, to map our labor supply chain and enhance our due diligence in the recruitment process. This assessment involves four key steps: first, the factory completes a self-assessment questionnaire (SAQ). Next, workers are invited to participate in a survey. Following that, the recruitment agencies used by the factory are also required to complete an SAQ. Finally, we analyze the collected data to deliver a comprehensive and transparent overview of recruitment practices and working conditions.



Diginex has been proud to partner with Li & Fung on their sustainability journey. Li & Fung’s proactive approach to supply chain management sets a strong example for others in the sector. We look forward to continuing our collaboration and supporting their ongoing efforts to create a more sustainable future — Mark Blick, CEO

This recruitment assessment program has helped us to easy review our recruitment practices data and improve our SOP. — A Taiwan factory

Remediation of risks and/or violation identified

In 2024, we evaluated migrant worker recruitment practices at **95** factories and **24** recruitment agencies across six countries: Taiwan, Thailand, Malaysia, Jordan, Macau, and India. The diginexLUMEN screening process highlighted 17 factories for third-party audits. While these audits found no instances of forced labor, they did uncover issues related to working hours and wages in 14 cases. Additionally, we reviewed recruitment policies at 19 factories and identified one apparel factory in Taiwan that was not adhering to the Employer Pays Principle. We subsequently worked closely with this factory to help them implement a compliant policy.

Through other assessments conducted by our customers and Better Work, also on recruitment practices, we identified several labor compliance issues. This included a factory in Vietnam where forced overtime was reported, as well as three factories in Cambodia, Indonesia, and Thailand that charged workers unauthorized fees for passport renewals, medical checks, and recruitment processes.

To address these violations, we collaborated closely with the affected factories to implement corrective and preventive measures. For the factory with forced overtime practices, we facilitated awareness sessions for workers on forced labor policies and grievance mechanisms. Additionally, we partnered with our customers and Better Work to ensure that the three factories reimbursed recruitment-related fees to impacted workers, resulting in a total reimbursement of **USD 8,566** to 1,916 workers across the three facilities.

These actions highlight our commitment to upholding labor rights and ensuring ethical practices within our supply chains.

11.4.3 SUPPLIER AND EMPLOYEE CAPACITY BUILDING

In addition to audits, we prioritize education and capacity building. We conducted training sessions for both internal Li & Fung staff and external suppliers and factories on topics related to forced labor and grievance mechanisms.

In 2024, we delivered 21 online training sessions on modern slavery, 11 on grievance mechanisms, and 7 on Human Rights Due Diligence (HRDD), attended by **2,771** participants from **1,260 suppliers** across **24** economies.

Key metrics for the forced labor training included 1,521 factory representatives trained with a 43% knowledge increases in some performance areas. Close to 600 people from suppliers were trained on HRDD. Many suppliers saw these training sessions as instrumental in helping them adapt to changing legislation on both forced labor and HRDD.



The training is very helpful for day-to-day compliance management. We need more training on labor and compliance related subjects, which can strengthen our knowledge to remain competitive in the RMG Sector.

— **Md. Tarif Hasan Tamal**, Head of HR, Compliance & Sustainability, MNS Garments Printing (Bangladesh)



Internally, we implemented a training program to enhance employee awareness of responsible sourcing and human rights. In 2024, mandatory e-learning modules, including the Supplier Code of Conduct, Recognizing Forced Labor, and Child Labor Remediation, achieved a completion rate of 90%.

Additionally, we trained 204 employees to strengthen their skills in detecting forced labor and to familiarize them with the evolving ESG legislation.

To further deepen engagement, we hosted a two-day ESG and Modern Slavery workshop attended by 1,493 global employees from 27 countries. These programs reinforce our commitment to ethical operations and foster a culture of accountability.



11.5 PROMOTING GENDER EQUALITY

At Li & Fung, we understand that gender equality is essential for creating ethical and sustainable supply chains. With 190 million women working in global supply chains—across factories, farms, and packing sites that provide the world's clothing, goods, and food—it is our responsibility to advocate for their rights. Our Supplier Code explicitly forbids gender-based discrimination, harassment, and violence, ensuring fair treatment for all workers and establishing robust grievance mechanisms to address any issues. We are committed to fostering a workplace where every individual is valued and empowered.

Li & Fung aims to strengthen supplier policies and processes, promote accountability and knowledge on gender, and improve effectiveness of grievances mechanism in **Indian Subcontinent** countries where gender issues are more prevalent. This strategy will benefit both their business and society while meeting customer and industry expectations.

Policy & risk management

In 2024, we assessed **65** strategic apparel suppliers using surveys and gender-disaggregated data to identify and prioritize gender gaps. In partnership with Diginex, we deployed worker voice tools across these factories in India, Bangladesh, and Indonesia, gathering **3,900** responses. This assessment highlighted high and medium risks in **24** factories, leading to targeted gender spot checks with a third party. The findings uncovered deficiencies in grievance systems, anti-harassment measures, and policy documentation, which prompted us to implement corrective actions, including awareness training.

Supplier capacity building

We conducted **11** global training sessions on grievance mechanisms (651 participants) and 3 sessions on Gender-Based Violence (GBV) policies (150 participants), equipping **76** suppliers with tools to implement robust frameworks. Post-training, factories updated policies to integrate gender-inclusive leadership and pay equity measures.

Impact & partnerships

Approximately 15,000 workers across 15 factories benefited from improved grievance systems and safer working conditions, supported by Li & Fung's Apprise feedback tool. In Indonesia, 40 suppliers joined the Better Work Respect Program, enhancing gender dynamics and empowering female workers through improved communication and awareness. In Bangladesh, partnerships with local NGOs reduced absenteeism by 66% through GBV awareness programs, while in India, structured mentorship initiatives increased female representation in supervisory roles.

“

Similarly, Mirza Kausar, the General Manager at Vintage Denim Studio Ltd in Bangladesh, emphasized the importance of GBV training in enhancing workplace safety frameworks and fostering collaboration across all levels of management.

”

“

Rayhan, the Compliance Manager at PT Top and Top Apparel in Indonesia, shared that Li & Fung's programs have been instrumental in identifying gaps in gender equality practices and have inspired significant policy improvements within the organization.

”



Environmental Sustainability

Our planet is dependent upon how we use, protect, and restore our environment and its resources. Li & Fung recognizes the impact our actions and business operations have on the planet. We are committed to reduce our environmental footprint by leveraging our convening power to collaborate with stakeholders along the value chain.



SUSTAINABLE DEVELOPMENT GOALS



Sustainability is integral to our business strategy. As a leading global supply chain service provider, we recognize the significant environmental impacts of the industries we serve, and we are committed to managing our environmental footprint proactively. This commitment informs our operations and guides our partnerships throughout our extensive network.

The pressing issues of climate change, resource depletion, and biodiversity loss underscore the need for a strategic emphasis on environmental responsibility. In this section, we present our sustainability approach, highlighting important environmental initiatives that demonstrate our commitment to responsible resource management, along with our achievements and challenges during this reporting period.

Aligned with the United Nations Sustainable Development Goals (SDGs), we advocate for systemic change through partnerships with industry peers, NGOs, and governmental organizations. Our dedication to continuous improvement drives our ambitious targets for mitigating negative environmental impacts

12.1 PRODUCTS AND FACTORIES: MEASUREMENTS AND IMPROVEMENTS

Sustainable products are at the heart of our strategy to address both environmental challenges and consumer needs. We believe in delivering products that are not only high-quality and resilient, but also ethically sourced and environmentally friendly, to integrate sustainability across our entire product portfolio, focusing on responsible material selection, reduction of waste, and the promotion of circular economy principles.

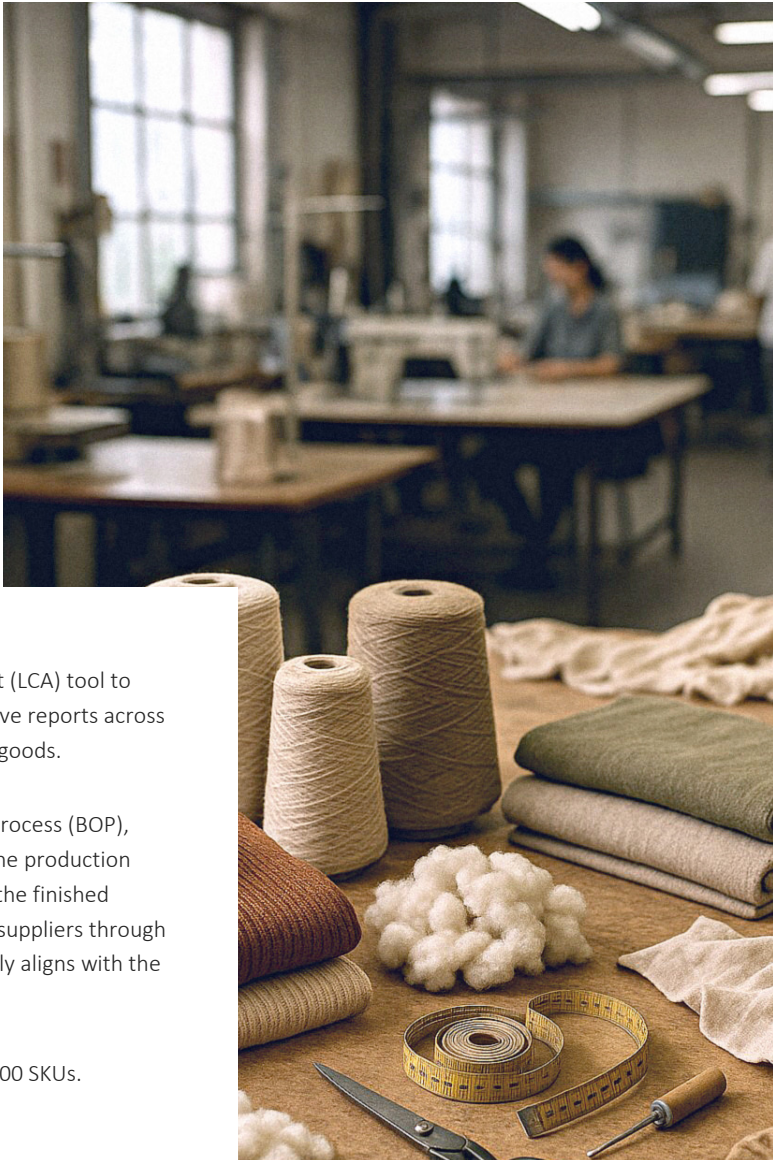
Our approach to sustainable products focuses on collaborating with our supply chain partners and international organizations, such as the Textile Exchange, to promote best practices that minimize environmental impact. For many years, we have prioritized compliance with certifications and a science-based approach. As product-level impact quantification tools and methodologies become more developed, we are gradually incorporating these tools into our sustainability toolbox. This integration enables us to select the best options and identify and implement various strategies for improvement.

12.1.1 ON THE PATH FOR PRODUCT LEVEL LIFE CYCLE ANALYSIS

Promocean Group, a European-based division of Li & Fung, implemented a Life Cycle Assessment (LCA) tool to calculate the environmental impact of its products in early 2024. This tool provides comprehensive reports across the 16 environmental indicators, giving a detailed sustainability analysis on both textile and hardgoods.

The tool is designed to capture the complete Bill of Materials (BOM) and comprehensive Bill of Process (BOP), identify upstream manufacturers’ together with their consumptions and emissions, location of the production across all supply chain tiers, as well as logistics linking up the chain, from raw materials down to the finished goods. Most of the Life Cycle Assessment (LCA) is based on primary data collected directly from suppliers through an innovative automated system. Any data gaps were addressed using secondary data that closely aligns with the available primary sources.

In its first year, Promocean successfully quantified the overall environmental impacts of over 2,000 SKUs.

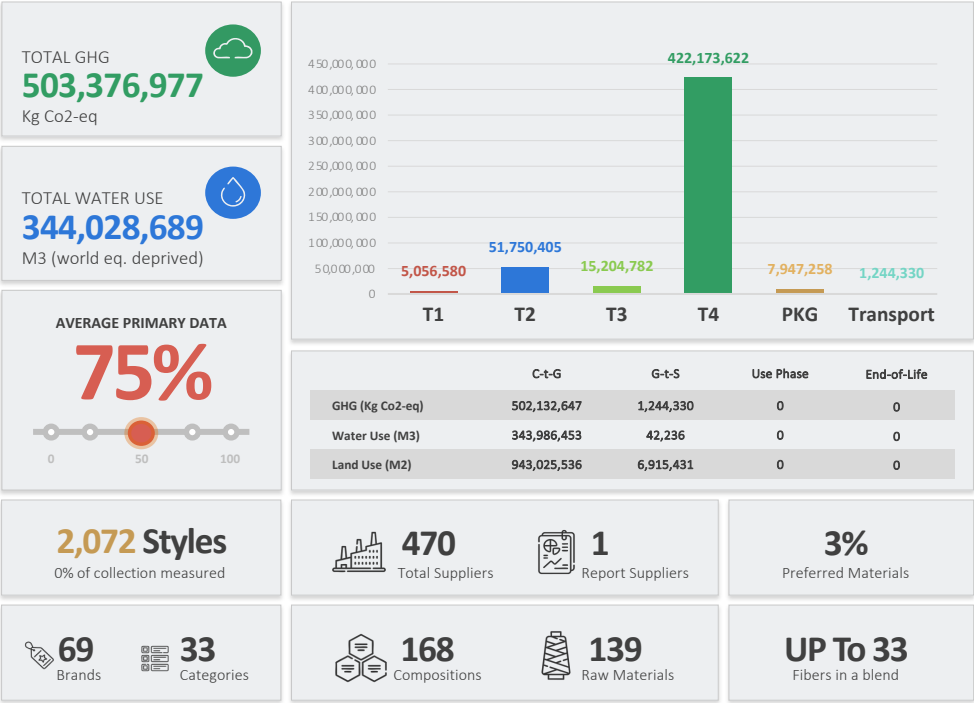


Environmental

12 Sustainability

Scope 3

ENVIRONMENTAL IMPACT ASSESSMENT



▲ General dashboard: environmental impact of our completed assortment across our supply chain.

<input type="checkbox"/>	Style	Color	Main Composition	Final Assembly	Season	PD	T1	T2	T3	T4	PKG	C-t-G	G-t-S	Total	
<input type="checkbox"/>	70703425		100% Polyester	Nanchang Jinxu Knitting			1.11	3.97	2.28	1.53	0.13	9.02	0.1	9.13	⋮
<input type="checkbox"/>	70703426		100% Polyester	Nanchang Jinxu Knitting			1.11	3.97	2.28	1.53	0.13	9.02	0.1	9.13	⋮
<input type="checkbox"/>	70799824		75% Organic Cotton, ...	Zhuai Rushui Knitting			0.12	0.83	0.05	0.38	0.08	1.97	0.01	1.99	⋮
<input type="checkbox"/>	70799808		100% Polyester	Ping 1982			0.48	10.55	3.3	2.24	0.09	16.56	0.08	16.64	⋮
<input type="checkbox"/>	70723084		100% Recycled Poly...	Dibang Color Printing Pac...			0.24	3.06	0.94	0.35	0.08	4.67	0.06	4.73	⋮
<input type="checkbox"/>	70703406		100% Recycled Poly...	Dibang Color Printing Pac...			0.25	3.06	0.93	0.35	0.08	4.67	0.03	4.69	⋮
<input type="checkbox"/>	70702664		72% Silica, 13% Sod...	Böckling			0.02	0.55	0.05	0.67	0.08	1.37	0.04	1.41	⋮
<input type="checkbox"/>	70709744		100% Polyester	Sachsen Fahren			0.32	3.46	2.18	5.73	0.09	11.77	0.33	12.11	⋮
<input type="checkbox"/>	70718201		100% Tin	Dong Guan Lucky Tin			0.66	0	0.27	4.18	0.09	5.23	0.13	5.35	⋮
<input type="checkbox"/>	70709985		100% Acrylic	Dekkers Guangzhou			0.08	5.38	6.43	20.2	0.08	32.17	1.14	33.31	⋮

▲ Impacts broken down by Tier

To better benchmark products and suppliers across different chains, the impacts are broken down by Tier. This helps to identify hotspots identification by showing impact variations at different stages, such as final assembly, product-level, material processing and differences across supply chain tiers. This data comparison is particularly relevant when different key suppliers are involved. By analyzing these differences and using the dashboard to benchmark, we can pinpoint opportunities for optimization and sustainability improvements.

While we recognize that Life Cycle Assessment (LCA) results will never be completely perfect, they provide valuable insights into specific key performance indicators (KPIs) such as carbon and water usage per product. This information is essential for selecting the best available products and for overall Scope 3 quantification for Promocean, Li & Fung, and our customers. The LCA also helps identify hotspots in the supply chain, enabling production teams to improve product footprints by either choosing alternatives or collaborating with suppliers to enhance the Bill of Materials (BOM) and/or Bill of Processes (BOP). Together, the LCA data and Promocean's supply chain experience and expertise are crucial for advancing our sustainability efforts.

2,000+ SKU assessed by LCA tool

12.1.2 IMPROVE WASTE MANAGEMENT AND CIRCULARITY

As a global supply chain service provider, we recognize the environmental challenges posed by waste generation and the importance of minimizing our footprint through responsible waste practices. By prioritizing waste reduction, recycling, and circular economy principles, we aim to contribute to a more sustainable future for our industry and the communities we serve.

In 2024, we launched a proprietary Waste and Circularity Program to enhance suppliers' capacities on waste, circularity, and water/wastewater issues. This initiative involved developing a comprehensive strategy that defines our mission and vision, establishing long-term targets for 2030, and creating actionable plans integrating foundational programs and performance improvement initiatives. A data collection system designed to gather key performance indicators to track our progress and align our approach with different business units and suppliers was also developed. Additionally, we empowered our teams in various production countries with the skills to provide training and support for suppliers.

Environmental Sustainability



Specifically in relation to the Waste & Circularity program, we aim to inspire our suppliers to take concrete actions that address environmental opportunities and create value for the planet, such as supporting our strategic suppliers to achieve zero landfill or incineration of non-hazardous waste by 2030, employing methods relying on design efficiency to reduce the amount of waste at source, and also reusing and recycling the wastes that are impossible to avoid.

To support these targets, we have launched foundational actions, including policy setting, data collection and development of standard operating procedures revolving around phased based roadmaps and regular analysis and adjustments.



12.1.3 ACCELERATE USE OF SUSTAINABLE PACKAGING

Packaging plays a critical role in our supply chain and its environmental impact. Our commitment to sustainable packaging is an essential part of our overall strategy to reduce waste, conserve resources, and minimize our ecological footprint.

Through rigorous assessments and ongoing improvements, we set ambitious targets for our packaging practices, ensuring that we stay aligned with global sustainability goals. By fostering a culture of sustainable innovation and accountability within our supply chain, we aim to lead the charge towards a more responsible packaging future.

For textile and apparel, the switch to recycled and recyclable packaging has been ongoing since 2019, and our key customers are now using 100% more sustainable packaging.

Hardgoods' packaging is comprised of a variety of materials, shapes and forms. We have worked closely with our customers, suppliers and the waste management industry in the destination countries to identify goals and implement roadmaps. For the past three years, we have partnered with a key customer in Europe on a packaging initiative. As of 2024, all paper-based packaging is now 100% FSC certified, and we have completely phased out PVC and black plastics to ensure proper recycling and promote circularity.

12.1.4 DEEPEN FACTORY IMPACTS AND DRIVE EFFICIENCY

Following up on our measurements and improvement efforts initiated more than a decade ago, we have prioritized equipping ourselves with various tools over the past few years to ensure effective data collection and monitoring across our factories, our products, and our own operations.

Li & Fung's environmental policy has been rolled out in 2024, to communicate our goals and expectations to our supply chain partners. This policy contains sections such as greenhouse gas, energy, water, chemicals, raw materials & products, packaging, waste & circularity, and biodiversity. This policy must be acknowledged by our suppliers as a prerequisite to doing business with Li & Fung.

100% suppliers signed the LF environmental policy

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Environmental Sustainability

HIGG FEM³

Our business connects us with global suppliers, vendors, and customers, enabling us to collaborate with stakeholders throughout our supply chain to reduce our carbon footprint. As one of the founding members of Casmile (formerly known as Sustainable Apparel Coalition - SAC), we actively encourage our strategic factories to participate in the Higg Facility Environmental Module (FEM) to report their annual environmental data and share their findings with us. We ask our suppliers to strive for significant improvement regarding greenhouse gas emissions, energy and water consumption, wastewater management, air emissions, waste generation, and chemical safety.

2024 was the second year for the industry to use the version 4.0 of the Higg FEM, requiring more details from producers. Our focus has been to train and raise awareness amongst our supply chain partners, not only to improve scores, but to drive systematic environmental practices improvements. The results of these actions are being reflected on the Higg FEM scores below:

³ At the time of the redaction of this report, approx. 1200 factories have shared and posted their Higg FEM data

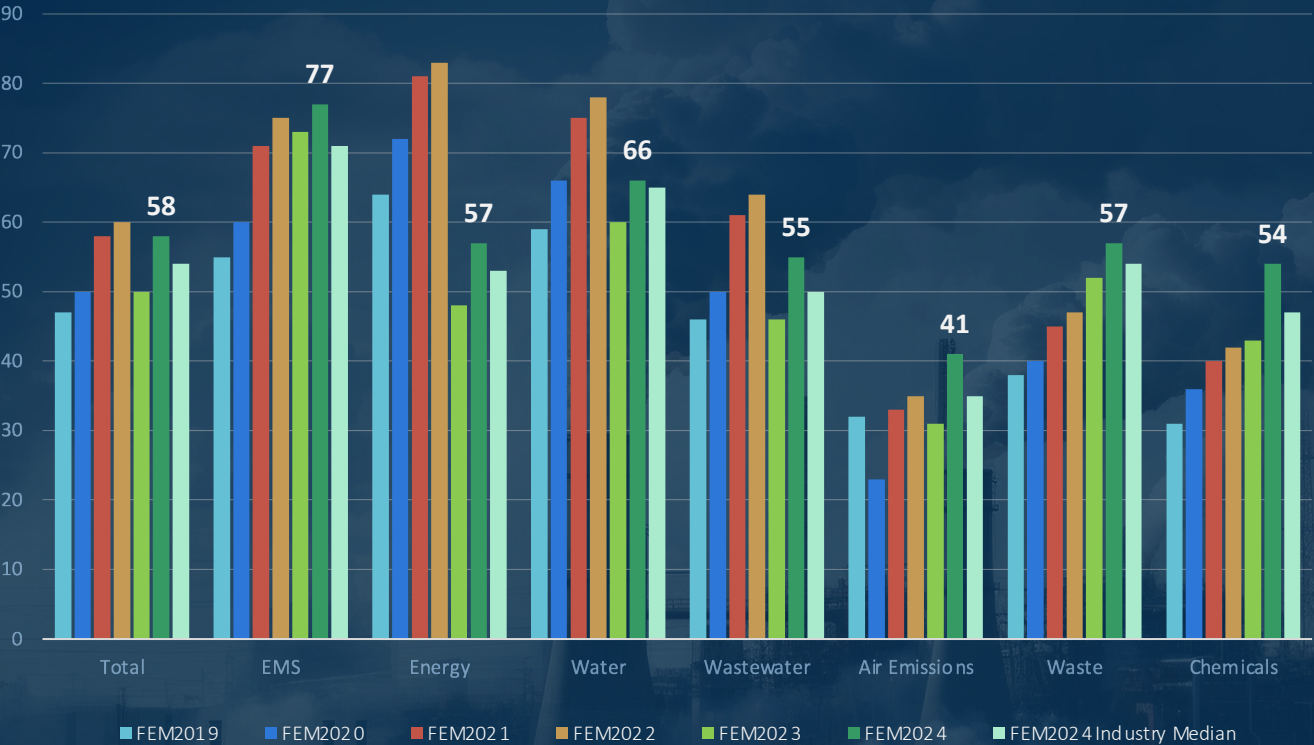
⁴ EMS = Environmental Management System

	Total Score	EMS ⁴	Energy	Water	Wastewater	Air Emissions	Waste	Chemicals
FEM2019	47	55	64	59	46	32	38	31
FEM2020	50	60	72	66	50	23	40	36
FEM2021	58	71	81	75	61	33	45	40
FEM2022	60	75	83	78	64	35	47	42
FEM2023	50	73	48	60	46	31	52	43
LF FEM2024	58	77	57	66	55	41	57	54
FEM2024 Industry Median	54	71	53	65	50	35	54	47



Environmental

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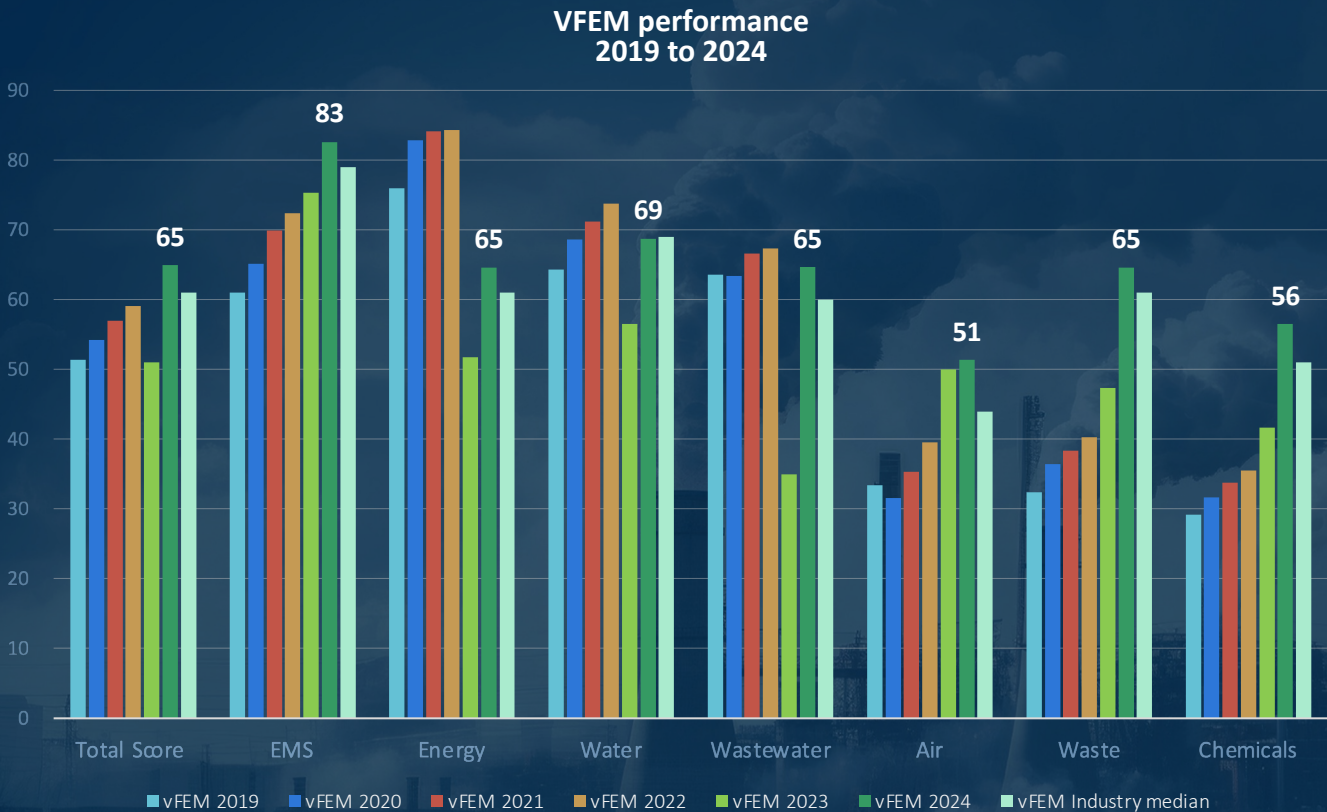
The Higg FEM performance in 2024 is higher than 2023 by 16%, and higher than the industry median by 7.4%. The results across the different categories assessed demonstrate a global improvement of the environmental practices and performances, and a better understanding of version 4.0 of the Higg FEM.

THIRD PARTY VERIFICATION

The Higg FEM information leading to the score in each category and overall rating are self-declared by factories annually. In many cases, the self-assessment is accurate and enough to analyze and support factories. However, for strategic factories, in terms of size, business volume and importance, more accurate data is needed to refine the support and drive even greater impact. This third-party validation is governed by the Higg verification system vFEM.

Environmental

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	Total Score	EMS	Energy	Water	Wastewater	Air Emissions	Waste	Chemicals
FEM2019	51	61	76	64	64	33	32	29
FEM2020	54	65	83	69	63	32	36	32
FEM2021	57	70	84	71	67	35	38	34
FEM2022	59	72	84	74	67	40	40	36
FEM2023	51	75	52	57	35	50	47	42
FEM2024	65	83	65	69	65	51	65	56
FEM2024 Industry Median	61	79	61	68	60	44	61	51

The average score obtained by the supplier for the verified FEM in 2024 has increased by 27.5% vs 2023; and is 6.6% above the industry median.

On top of the progress from 2023 to 2024 in both FEM and vFEM, the average scores are higher than the ones obtained in 2022 (before the conversion of Higg to the version 4.0), demonstrating an overall improvement of the LF portfolio of factories’ sustainability practices and performances.

- Higg FEM score 58/100
- Higg vFEM score 65/100
- Improvement vs previous years FEM +16%, vFEM +27.5%
- LF FEM 7.4% above industry median score, LF vFEM 6.6% above industry median score

Environmental Sustainability

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Data Privacy & Protection

Responsible Sourcing

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Growth and Empowerment

Appendix I – III

Enhancing Impact of Our Factory Performance Improvement Program

To strengthen the environmental practices and performance of our suppliers, our sustainability team is expanding the "LF Performance Improvement Program," a proprietary initiative that was launched in 2021. This program consists of three key components: Adoption, Improvement, and Direct Support.

Adoption

Core training sessions in multiple languages specifically designed to educate factories and vendors about the system registration process and onboarding procedures

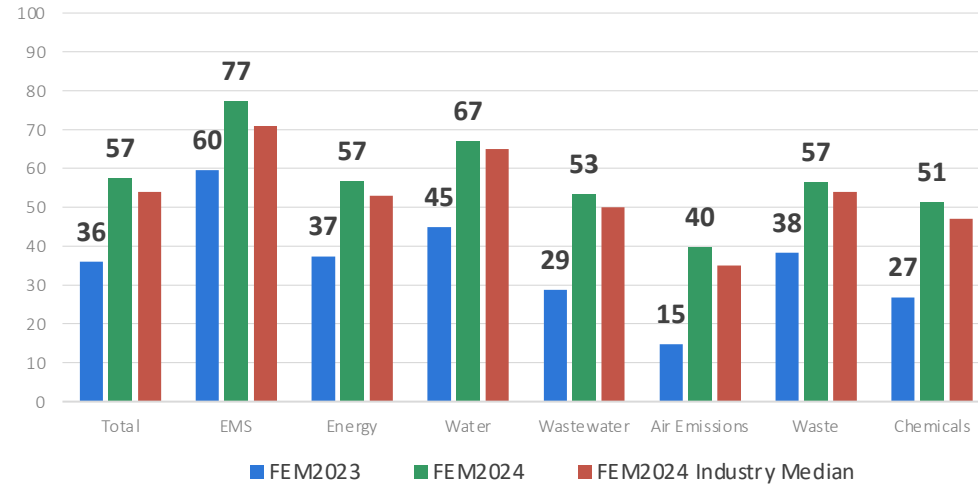
Improvements

In-depth training sessions delve into various technical domains, aimed at equipping factories with the knowledge to improve their environmental management capabilities

Direct support

Face-to-face technical assistance to strategic factories designed to support and empower suppliers' teams to maximize improvement opportunities by implementing effective and practical solutions

In 2024, LF teams have enrolled 74 strategic factories in the Performance Improvement Program, who scored on average 36/100 on Higg FEM in the previous year. By receiving direct support from LF teams in their respective production countries, they have been able to successfully increase their Higg performance by 58.3%, reaching an average score of 57/100. This support helped them to be positioned above the industry median (54/100), and to greatly ameliorate their environmental practices.



- **1,600** suppliers received general environmental training
- **76** factories participating in LF Performance Improvement Program
- **20%** improvement on average

Rolled out amfori's Business Environmental Performance Initiative (BEPI)

For the third year, our teams have supported a key customer to support the Business Environmental Performance Initiative (BEPI). This tool is now used by 230 hardgoods suppliers. The self-reported information is analyzed to identify areas for improvement and monitor carbon emissions overtime.

Continued to monitor and rectify issues raised through the Institute of Public & Environmental Affairs (IPE)

Specific to China, the Institute of Public & Environmental Affairs (IPE) regularly gathers and presents incidents of non-compliance by factories. These incidents can lead to penalties that vary from warnings to factory closures and substantial fines.

Our team screens the IPE database for any major violations, as part of the onboarding process, while existing factories are being checked each month, and supported to remediate any identified violations.

Li & Fung's efforts and achievements have been recognized publicly by IPE over the annual conference in 2024 highlighting the work done in collaborating with suppliers to prevent and remediate environmental pollutions.

- **More than 1,000** factories monitored monthly (+10% vs 2023)
- **61** factories flagged for violation => **74%** of them delisted / remaining ones in the process of being delisted in early 2025

12.2 CLIMATE: DECARBONIZING OUR OWN OPERATIONS AND SUPPLY CHAIN

One primary focus area is to reduce greenhouse gas (GHG) emissions across our operations and supply chain to fight global climate change.

Every year, we disclose our greenhouse gas information and practices extensively through the Carbon Disclosure Project (CDP). In 2024, CDP strengthened its requirements and scrutiny. We are proud to have maintained our score B for carbon, surpassing the global, regional, and activity group averages, all rated at C. This achievement reflects our unwavering commitment to sustainability, the impactful efforts of our team, and our partnerships throughout the supply chain to combat climate change.

Li & Fung has made a public commitment to reduce our scope 1 and 2 by 42% by 2030 (from the 2021 baseline), and scope 3 by engaging and supporting our key suppliers in the decarbonization journey. This goal, validated by the Science Based Target institute in 2023, aims to limit the effect of global warming by 1.5°C. The following section presents our intermediate results and actions towards this target.

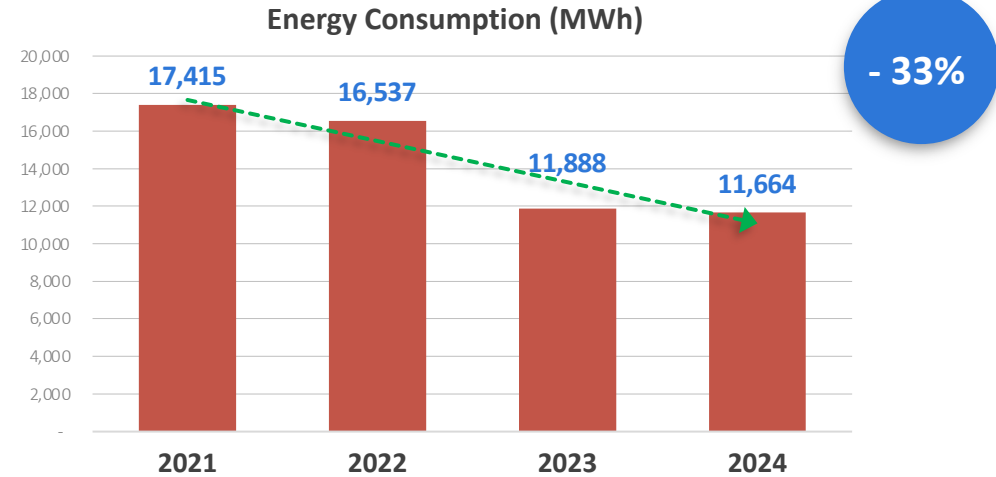
12.2.1 PROGRESS MADE ON SCOPE 1 AND 2 TARGETS

Ongoing monitoring

In 2024, we have upgraded our consumption and emissions tracking practices across our corporate offices. The energy and carbon monitoring system piloted by local teams and overseen by the global team at our headquarters enables us to regularly monitor consumptions and translate it to greenhouse gas emissions. This tool has increased the level of granularity over the way we consume energy and emit carbon. The system serves two main purposes: it allows us to establish clear targets at various levels of our organization—such as office, economy, business unit, region, and global—and it provides essential information for quickly assessing the effectiveness of our reduction measures across our network of offices. This enhances our ability to respond and adjust our efforts as needed.

Energy Consumption

The graph below represents the total energy use by Li & Fung:



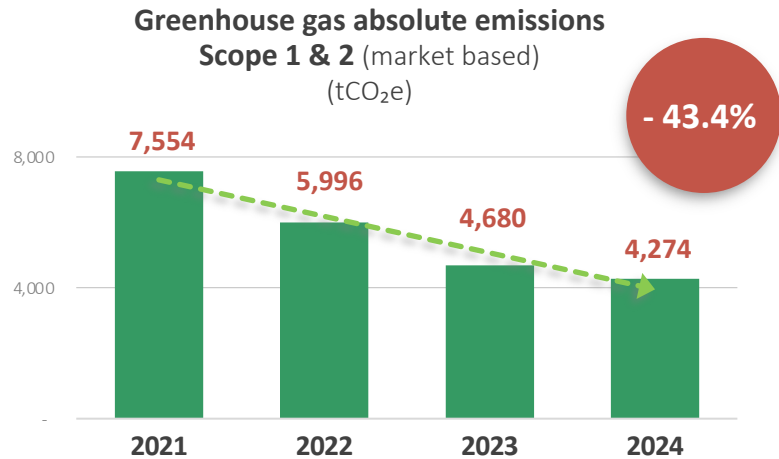
Overall, the total energy used across our offices has decreased by 1.9% from 2023 to 2024, and by 33% compared to our 2021 baseline.

Downward trend of our energy consumptions demonstrates the efforts taken by the teams across the Li & Fung offices to improve energy efficiency cementing LF's commitment to our validated Science Based Targets roadmap. Our country teams have worked with property managements teams to identify and implement various actions to reduce our footprint while maintaining the work environment quality for our colleagues, such as temperature control, lights optimization, and IT equipment improvement, in line with the LF office sustainability policy established in 2021 (with update in 2023).



Decrease greenhouse as emissions

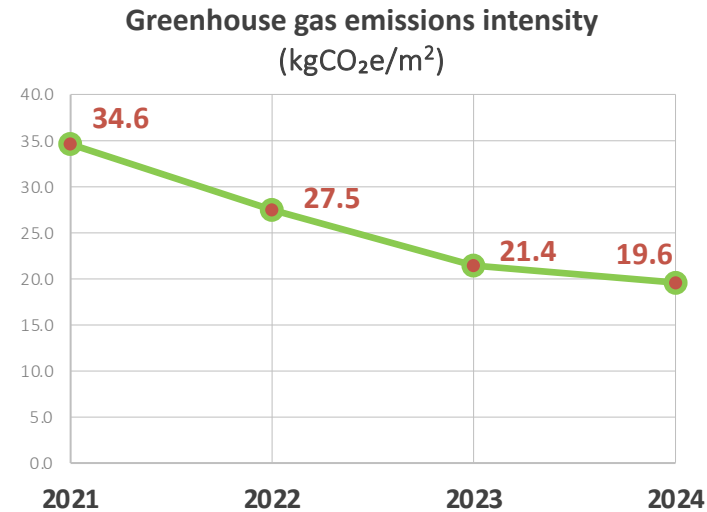
The graph below presents the overall greenhouse gas emissions from Li & Fung’s scope 1 & 2 for all offices in scope.



Li & Fung has reduced its absolute GHG emissions (Scope 1 & 2, market based) by 43.4% since 2021, and by -8.7% from 2023 to 2024 (slightly exceeded our SBTi’s GHG target set of -42% by 2030). In addition to our absolute energy consumption reduction, we have increased the portion of renewable energy across our mix. This result combines an increased efficiency of our facilities mentioned above, together with a larger use of renewable energies.

The purchased renewable energy has tripled in 2024, jumping from 422MWh to 1,261MWh, as the US office has placed a contract to use 100% renewable electricity, added to several European offices who have been using renewable energy for years. The production of Solar energy has also been multiplied by more than 4.5 times, from 156MWh in 2023 to 716MWh in 2024. Overall, Li & Fung uses 17% of renewable energies across its scope 1 & 2.

Our Science Based Target, validated in 2023, is to reduce our Scope 1 & 2 by 42% by the year 2030 (from the 2021 baseline), to align with the Paris agreement and limit the effects of global warming to 1.5°C. We are proud to have achieved reduction beyond our goal, and will continue our efforts to minimize our environmental footprint across our company and supply chains.



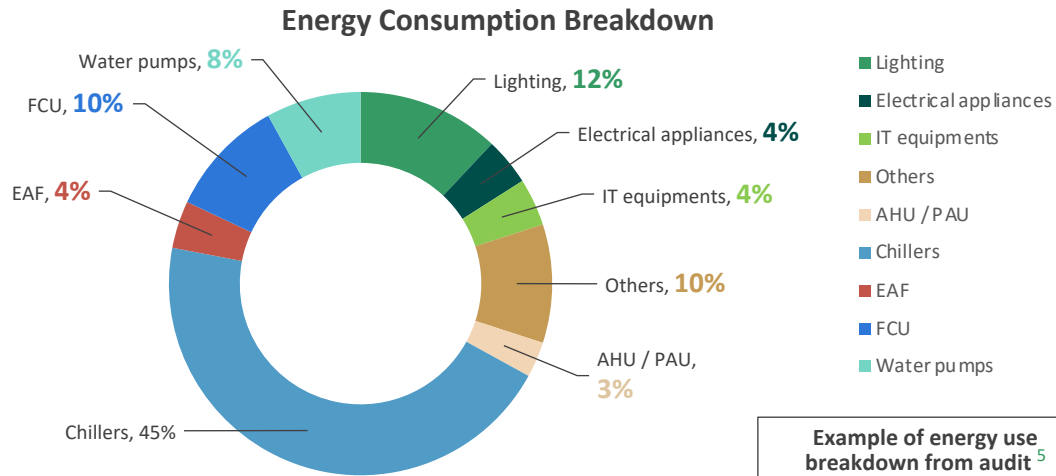
- Energy consumption reduced by **33%** since 2021
- Greenhouse gas emissions reduced by **43.4%** since 2021 across scope 1 & 2
- **17%** of renewable energy used across scope 1 & 2
- CDP Climate Score B

Environmental Sustainability

Analyzing our corporate footprint to improve it: Carbon, energy and water audits

A wide energy, carbon and water audit program was performed throughout 2024. Li & Fung mandated a reputable global engineering firm to conduct audits in its six largest and most strategic offices - Hong Kong, Shenzhen, Dhaka, New Delhi, Hanoi and Ho Chi Minh City. Country teams and global coordinators worked together to examine the equipment and operations, following the American Society of Heating, Refrigerating and Air-Conditioning Engineers (ASHRAE) level 1 and 2 audit protocols.

The initial phase involved understanding our footprint by mapping different equipment lists, hours of operation, and space usage. This step enabled us to clearly outline consumption and emissions breakdowns.

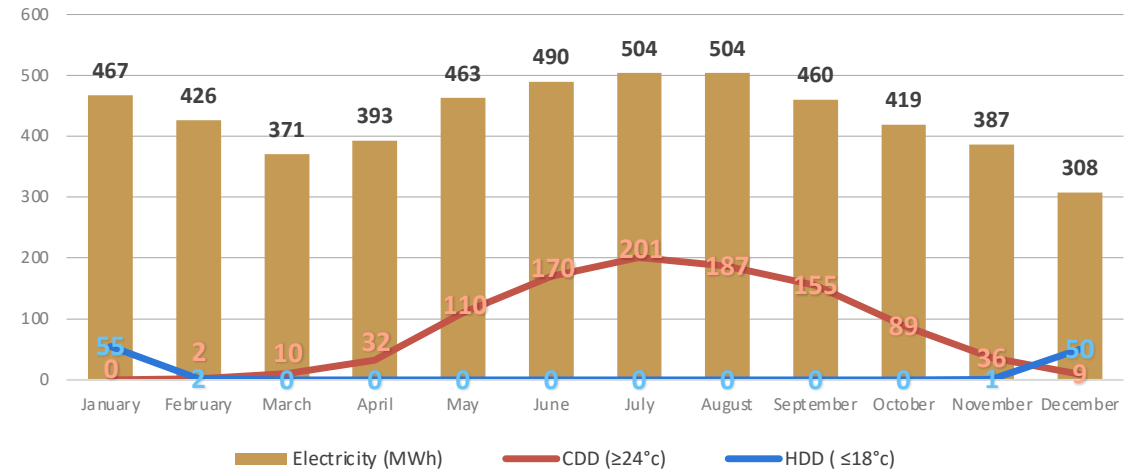


Energy consumption profiles were then developed and linked to contextual data, including external temperature and occupancy levels.

⁵ FCU = Fan Coil Unit; EAF = Exhaust Air Fan; AHU = Air Handling Unit; PAU = Pre-Air Cooling

⁶ CDD = Cooling Degree Day; days where outside average temperature is above 24 ° c
HDD = Heating Degree Day; days where outside average temperature is below 18 ° c

Monthly Energy Profile



Example of energy use profile ⁶

From this baseline work, we have performed a benchmarking exercise to compare offices that are similar in terms of location both in terms of location, weather, usage and occupancy.

At the same time, the energy engineering team conducted a detailed analysis of the equipment, usage, and breakdown to ensure compliance with the original setup and identify areas for improvement.

The findings identified by the audit team were prioritized based on footprint impacts and return on investments (ROI). The prioritization has been shared with the local teams categorized into no-cost/low-cost projects, medium investments and major investments. Each office received the analysis and is responsible for developing an implementation plan to reduce footprint while maintaining similar services for colleagues.

12.2.2 EMPOWERING SUPPLIERS TO DECARBONIZE

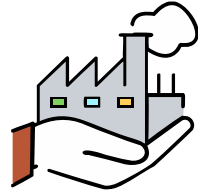
Li & Fung is committed to empowering factories in their sustainability efforts through a comprehensive approach that emphasizes collaboration, education, and innovative practices. By actively monitoring practices and performance, and promoting the adoption of best practices, such as implementing energy-efficient technologies and optimizing production processes, we engage factories in meaningful sustainability initiatives to assess and enhance environmental performance across our supply chain.

As part of our Science-Based Target’s commitment, we are committed to engaging 80% of our suppliers of goods and services as well as distribution partners on the decarbonization path.

The first step is this initiative relies on awareness raising and training. Quarterly training sessions focusing on greenhouse gas management developed and delivered by the LF sustainability team are offered regularly to factories, vendors and partners globally to elevate their knowledge about carbon emissions, quantifications and reductions.

To enhance our efforts, we have encouraged our partners to participate in the **Climate Action Training program** for the fashion industry, supported by GIZ (Deutsche Gesellschaft für Internationale Zusammenarbeit), Fabric Asia, and Global Climate Action. This training program, which lasts approximately 12 hours, covers topics such as the impacts of climate change, greenhouse gas quantification, and strategies for reducing emissions.

Participants who score over 60% on the 36-question final exam will receive a certification from the institutions.



The Li & Fung suppliers in-scope are then requested to provide the certificate of completion to ensure their understanding of the training. Total 80 suppliers have completed this certification program.

Secondly, suppliers are mandated to monitor and share their greenhouse gas emissions. We prefer using the Higg FEM as our monitoring tool, and we ask factories to utilize it for tracking, monitoring, and reporting their greenhouse gas emissions and commitments. The factories who are not yet using the Higg FEM were provided the option to use the CO₂e tracking tool developed by Li & Fung.

In 2024, 100% of the suppliers enrolled in Li & Fung’s Science-Based Target program tracked and monitored their carbon emissions.

Optimize carbon emission & water consumption in production

Since 2019, the LF Sustainability team has dedicated significant time to carbon and energy improvement projects to help key suppliers progress in this area. Through a comprehensive support program, 415 factories have received assistance during the ongoing commissioning process, with many successfully graduating from the program. In 2024, a total of 92 medium to large factories participated in the program.

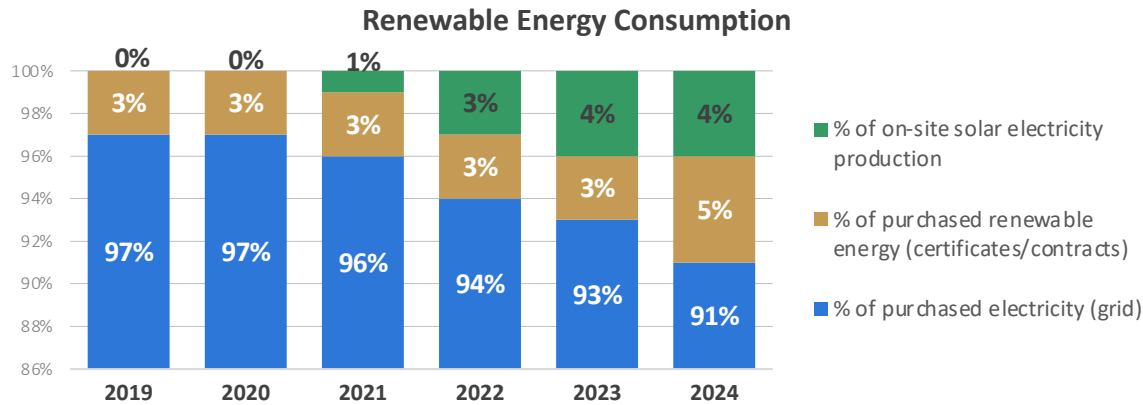
The team’s support consists of data collection, production condition analysis, factory visits, improvement recommendations, results follow up and adjustments. This collaboration brings factories on a path of continuous improvement, qualitatively and quantitatively.

Projects identified include heat insulation, wastewater recycling (based on machinery and chemicals used), and compressed air system optimization, to name only a few. Added to the no-cost-low-cost improvements, factories have invested in innovative technologies driving tangible results; a denim factory has, for example, invested in innovative dyeing machines, which generated 95% savings on water consumption and 44% savings on steam use, while improving production quality, speed, and safety to workers, in addition to an interesting financial return on investment.



Proliferate renewable energy consumption across supply chain

To increase the use of renewable and low carbon energies across its suppliers, Li & Fung has taken a series of measures including mapping, analysis and participation to industry wide programs. This initiative enabled factories to access renewable energy technologies and contracts where they were both technically feasible and economically viable. Since 2019, there has been a significant increase in the number of factories integrating renewable energy into their operations.



In 2024, renewable energy accounted for 9% of the total energy mix ⁷⁸. Of this, 56% was generated on-site using solar panels, while 46% was acquired externally through Renewable Energy Certificates and contracts.

Phasing out on-site coal usage

To accelerate the decarbonization initiative, phasing out coal use on-site is essential. From the original mapping done in 2023 on a portfolio of 89 strategic factories, designed to better understand existing technical conditions, pricing, and identify viable alternatives, we are proud to report that 93% of them have completely phase out the use of coal on-site. The remaining factories will be continuously supported to identify the best ways to fully phase out this carbon intensive energy source.

⁷ Based on kWh used
⁸ Data from Higg FEM

12.3 WATER

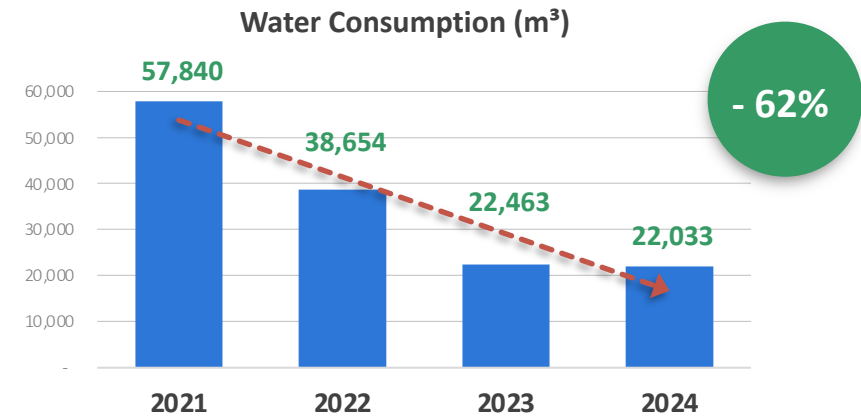
Our commitment to water stewardship is one of the essential pillars of our environmental strategy, promoting conservation practices within our organization and among our suppliers. At Li & Fung, we recognize the critical importance of managing water sustainably, particularly in light of increasing global water scarcity and the pressing need for responsible water use across the supply chain.

In this section of our ESG report, we outline our approach to water management, highlighting initiatives aimed at reducing water consumption and promoting efficient practices throughout our operations and among our suppliers. We actively engage with partners to implement water conservation strategies, enhance wastewater management, and foster innovations that increase efficiency.

We aim to ensure responsible water use while supporting the communities dependent on these resources. We strive to promote a culture of water awareness and stewardship within our organization and throughout our supply chain, ultimately contributing to the long-term sustainability of this essential natural resource.

12.3.1 MANAGING WATER CONSUMPTION IN OUR OPERATIONS

Water use across our corporate offices has decreased in the past few years. Li & Fung has made significant improvement in its offices, generating substantial savings on water consumption presented below.



Environmental Sustainability

Our total water consumption from our offices has decreased by 62% since our 2021 baseline and by 1.9% from 2023 to 2024.

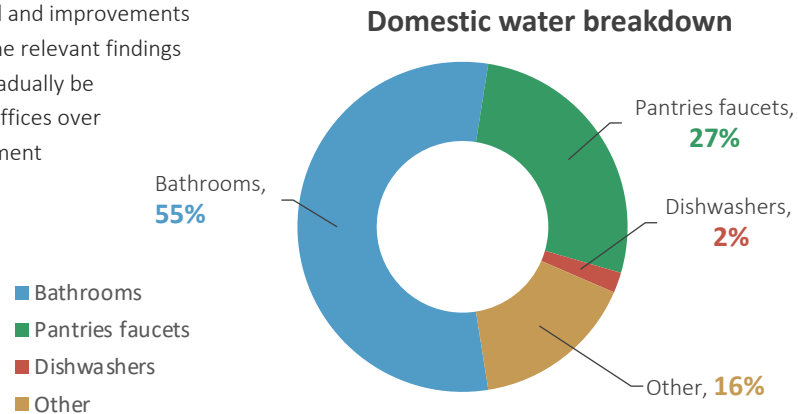
To achieve these reductions, we have implemented a series of initiatives aimed at reducing water usage across our offices globally. These initiatives include the gradual replacement of fixtures by water-efficient technologies, such as low-flow faucets and dual-flush toilets, which significantly minimize water consumption without compromising functionality.

An important factor driving the water savings is about the process water. By transitioning to offices that use air chillers for air conditioning instead of outdated water-based systems, and by utilizing cloud-based server services, we can significantly reduce water consumption while also saving energy.

Finally, we continuously raise awareness among employees about the importance of water conservation through educational activities and trainings, aligned with the sustainable office policy.

Conducted Water Audits in Key Offices

In 2024, Li & Fung has engaged in an extensive office environmental audit program across 6 of its largest offices as described in section 12.1.2. Domestic and process water were part of the analysis: the usage has subsequently been broken down, consumptions were analyzed and improvements measures were identified. The relevant findings from the water audits will gradually be implemented across the LF offices over the coming years to complement our existing activities.

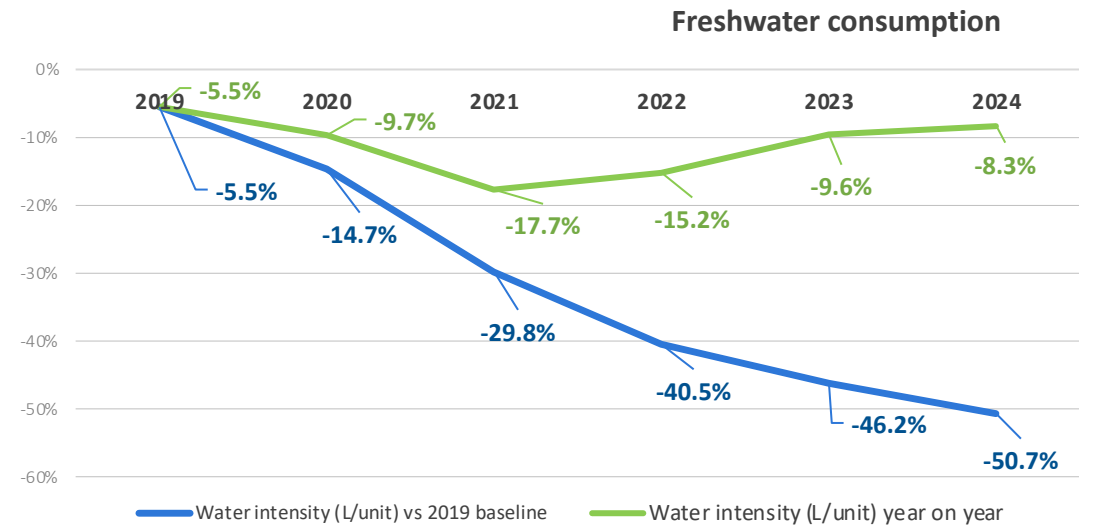


12.3.2 REDUCING WATER CONSUMPTION ACROSS SUPPLY CHAIN

Li & Fung is dedicated to enhancing water management practices among our partner factories as part of our broader sustainability initiatives. We collaborate closely with factories to assess their water usage and identify opportunities for conservation and efficiency gains. Through our tailored training programs, we equip factory teams with the knowledge and tools needed to implement best practices in water management, such as optimizing production processes and investing in water-efficient technologies.

Additionally, we encourage factories to set measurable water reduction targets and report their progress, fostering accountability and transparency. By partnering with our factories in these water-saving efforts, Li & Fung aims to support meaningful change that not only reduces water consumption but also minimizes the environmental impact of our collective operations.

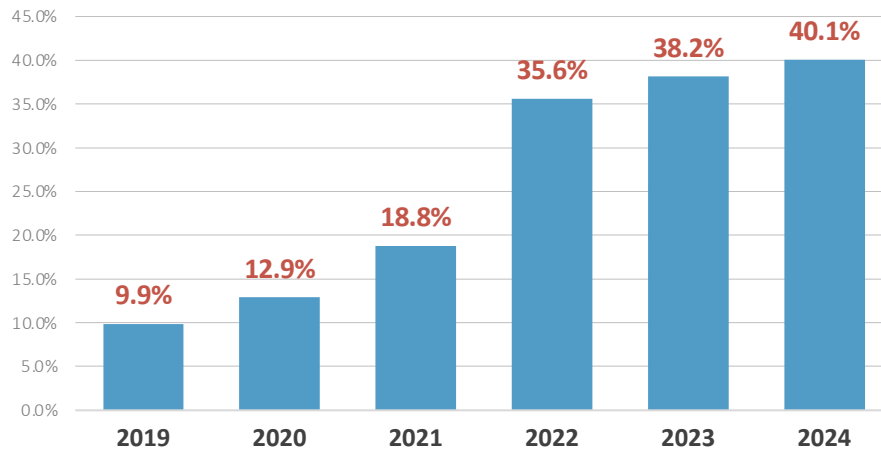
Li & Fung has been working closely with strategic factories on water stewardship since 2018. A group of fabric mills and laundries, selected due to the large amounts of water needed for their operations, is supported to save freshwater intake and increase the water recycling. In 2024, 23 factories were part of the program. The collaboration between the Li & Fung's sustainability team, merchandising team, and production and design teams has generated ongoing improvements since the program's inception, presented below.



The overall freshwater intake has been reduced substantially by 50.7% in 2024 from the 2018 baseline. Over year, the savings generated from 2023 to 2024 was -8.3%.

Reducing freshwater intake is a combination between operation efficiency and reusing this precious resource. By improving the liquid effluent treatment systems and the quality of the process water (ie. by using better chemicals), the teams have enabled an overall 40.1% wastewater recycling rate in the factories enrolled in the program.

Wastewater recycling rate



- Freshwater intake reduced by **50.7%** since 2018 baseline
- Wastewater recycling rate increased to **40.1%**

CASE STUDY



FOCUS ON DENIM

The LF denim wash team is at the forefront of sustainable practices and water efficiency in denim production. Central to their approach is the adoption of eco-friendly wash solutions, which significantly reduce water, chemical usage and increase safety for workers. The team works exclusively with partners able to provide data via the tool Environmental Impact Measurement (EIM) by Jeanologia. The data-based approach coupled with tremendous experience and expertise, enabled the team to implement innovative washing techniques generating several environmental and social benefits:

- **Water:** Up to 80% water saving compared to conventional washing methods.
- **Wastewater & pollutions:** Fully eliminate the use pumice stones.
- **Energy and greenhouse gas:** Unique formulas development operating at lower temperatures, resulting in substantial energy and carbon savings without compromising quality, style nor costs.
- **Worker safety and chemicals:** Phase out potassium permanganate - a harmful chemical used traditionally to create effects such as bleaching.

With a deep commitment to environmental responsibility and through collaboration among teams, the Li & Fung denim team has achieved remarkable advancements, showcasing how sustainability can drive growth.

- - **80%** water per denim produced



12.4

CHEMICALS

Responsible management of chemicals is crucial for ensuring the safety and sustainability of our operations, products, and the environments in which we operate. At Li & Fung, we are committed to minimizing the risks associated with chemical use and promoting safer alternatives across our supply chain. As part of our dedication to environmental stewardship and public health, we recognize that effective chemicals management is essential in addressing regulatory requirements and meeting stakeholder expectations.

By implementing comprehensive monitoring systems and conducting regular assessments, we strive to identify and mitigate potential risks associated with chemical use. Our commitment to transparency and continuous improvement drives us to enhance our chemicals management practices, ultimately contributing to a healthier and safer environment for our employees, customers, and communities.

Ensure chemical compliance

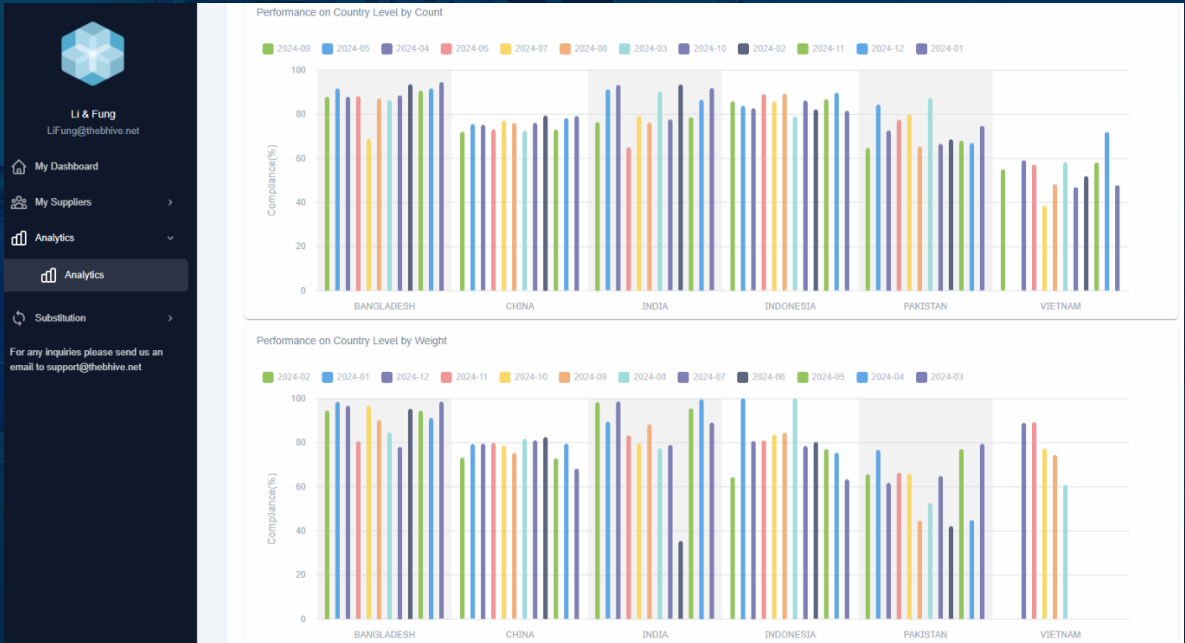
While compliance and testing for REACH and Proposition 65 have become a standard part of our services, we have noticed growing interest in certifications such as Bluesign and the various Oeko-Tex standards, including Standard 100, Step, and Made in Green. Most of our customers are now asking for validation from specific Restricted Substance Lists (RSL), either developed in-house or by relying on industry-wide standards such as AFIRM.

At the factory level, we have developed our capacities to respond to a growing demand regarding Manufacturing Restricted Substance Lists (MRSL), such as ZDHC. Innovative chemical inventory and monitoring tools such as the Bhive have now become the new normal and are used across entire portfolios of suppliers, to ensure both compliance and transparency, greatly improving safety for the workers, the consumers, and lowering the impacts on the environment.

Continually monitor & improve performance

Li & Fung’s teams are directly connected with factories’ chemicals inventory lists of approximately 100 factories (including laundries and fabric mills), using tools like the Bhive. This transparency allows us to benchmark against restricted lists, identify non-compliances and to work together in finding safer alternatives. The number of factories sourcing their chemicals from a positive list, chemicals considered safe for use in manufacturing processes and products, has grown significantly, increasing from 8 in 2017 to more than 500 in 2024.

By adhering to a positive list of chemicals, factories can enhance their commitment to sustainability, improve health and safety conditions, and minimize their environmental impact while meeting both regulatory and market expectations.



BHIVE ANALYTICS DASHBOARD PER COUNTRY

Environmental 12 Sustainability

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In conclusion, our proactive approach, strategic initiatives, and consistent efforts in environmental sustainability have resulted in significant improvements in both our operations and supply chain. By aligning our commitments with esteemed partnerships such as the Science-Based Targets initiative and Textile Exchange, we have demonstrated that sustainability can coexist harmoniously with commercial dynamics. These tangible advancements not only enhance our environmental performance but also reinforce our public commitment to responsible practices. As we move forward, we reaffirm our dedication to being a catalyst for change within our sphere of influence, driving meaningful progress and inspiring others to pursue sustainable pathways in the industry.

- Higg chemical score improvement **+93% vs 2019** & **+33.3% vs 2023**
- Phased out potassium permanganate (denim)



Growth and Empowerment

As an active and responsible business leader in the supply chain solutions industry, Li & Fung is committed to implementing the best ESG practices and creating long-term value for its people, partners and planet. Our people power our business, and we are committed to their wellbeing and development.

13 Growth and Empowerment



At Li & Fung, our greatest asset is our people. We are wholeheartedly dedicated to fostering an environment where every individual feels a strong sense of belonging, is valued, and has their contributions recognized. Our focus is on nurturing a high-performance culture that motivates our team to consistently deliver outstanding service for our clients.

OUR PEOPLE STRATEGY

We deeply appreciate the extraordinary strength our people bring to the organization. With a global presence, we excel at attracting and retaining enthusiastic professionals who possess an entrepreneurial spirit and expertise in supply chain dynamics. Our commitment extends to supporting all individuals within our value chain, ensuring we respect human rights across our operations and supply chains. We strive to create an environment where everyone truly belongs, feels appreciated, and is recognized for their invaluable contributions.

From our innovative designers and detail-oriented merchandisers to our quality assurance experts and strategic professionals in business development and operations, our team is comprised of some of the most talented individuals in their respective fields. They are the driving force behind our ongoing growth and success. We are committed to cultivating a culture rooted in high performance and mutual respect, inspiring our team to consistently deliver exceptional service for our customers.

Aligned with our core values - **Family, Entrepreneurship, and Humility** - we prioritize diversity, wellbeing, and safety at the workplace. Our people-centric strategy focuses on three key areas: actively engaging our diverse global workforce, enhancing the overall wellbeing of our teams, and continually attracting and nurturing exceptional talent.

Our vibrant, inclusive, and adaptable culture emphasizes learning and collaboration, empowering our people to develop skills for the future. We encourage educational opportunities that promote both personal and professional growth, reinforcing a 'people-first' approach that permeates our entire organization. This commitment to personal development not only enhances our collective success but also plays a vital role in fostering an inclusive and supportive atmosphere.

As responsible corporate citizens, we recognize the importance of giving back to the local communities we serve. Our commitment to making a lasting, positive impact involves aligning our efforts with the values and needs of these communities. Through active engagement and contributions, we aim to create a sustainable and long-term positive influence on society.

13.1 ATTRACTING TALENT

As a leading global supply chain solutions provider, we rely on the skills and expertise of our team to innovate, design, and deliver high-quality products and services to our customers. Our workforce plays a crucial role in implementing our company strategy. To achieve success, it is vital to maintain a skilled, motivated, and diverse team.

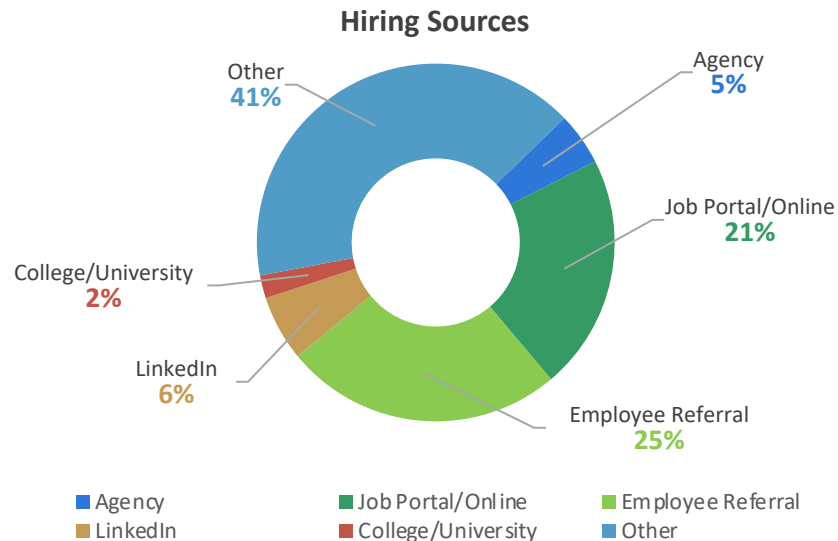
We place significant emphasis on empowering our people and providing them with opportunities for professional development and career advancement. The strength of our company's reputation, brand image, and competitive edge in the industry heavily depends on the dedication and contributions of our employees.

Consequently, ensuring our team members feel engaged, valued, and supported is vital, not only for the company's success, but also for fostering a positive and sustainable work environment.



Growth and Empowerment

Li & Fung is committed to attracting, developing, and retaining top talent to achieve our strategic goals. To support our talent acquisition efforts, we employ a variety of strategies, including job postings, proactive talent searches, cultivating a talent network, employee referrals, and partnerships with recruitment agencies. We continuously explore new recruitment channels and platforms to expand our candidate pipeline and strengthen our network. In 2024, Li & Fung welcomed **675** new hires globally. Our primary recruitment channels included **21%** from job postings and online searches, **25%** from employee referrals, **6%** from LinkedIn and less than **5%** from recruitment agencies. Other recruitment channels include college and university, Li & Fung alumni, job fairs, company career website, LF Talent Network etc. Employee referrals have proven to be an effective and efficient way to attract talent, leveraging the connections and networks of our existing team members. We actively promote our employee referral program, offering attractive referral bonuses to achieve a successful fill rate.



Li & Fung focuses on promoting its workplace culture, values, and reputation as a preferred employer to attract top talent. We are committed to driving innovation and sustainability as well as employee empowerment and development. In 2024, several of our offices were awarded the **Great Place To Work®** certification and other honors. This is a testament to the great work our people have contributed, especially our leaders and managers who have helped to build and deliver a strong work culture on a daily basis.

- ◆ Li & Fung India Great Place To Work® certified
- ◆ Li & Fung Bangladesh Great Place To Work® certified
- ◆ Li & Fung China Great Place To Work® certified
- ◆ Li & Fung China Best Workplaces™ in Greater China 2024
- ◆ Li & Fung Turkey Great Place To Work® certified
- ◆ Neo Tangent (Mainland China & Hong Kong) Great Place To Work® certified
- ◆ Li & Fung Pakistan Top 10 companies under the Prime Minister's Women Empowerment Package 2024



13 Growth and Empowerment



Great Place To Work®

Certified

SEP 2024-SEP 2025

CHN

Great Place To Work®

Certified

SEP 2024-SEP 2025

HKG

We Are Certified

Neo Tangent **Mainland China** & Neo Tangent **Hong Kong** are certified Great Place to Work.

Thank you to our incredible team!

Best Workplaces™

for Women

Great Place To Work®

GREATER CHINA 2025

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As an equal opportunity employer, Li & Fung is committed to treating our employees and candidates fairly and with the utmost respect. Our procedures and workflows are guided by our Code of Conduct & Business Ethics, Anti-Harassment and Anti-Discrimination Policy, and Diversity & Inclusion Statement. Li & Fung values fairness, social responsibility, and human rights and prioritizes ethical and fair labour practices in the company.

Li & Fung provides its employees with opportunities for growth and development, including professional training, leadership development programs, and international assignments. In 2024, a total of **31,130** learning hours have been completed, a **28%** increase from 2023. The average learning time for each employee is **8.16** hours.

Social media

LinkedIn, Instagram, WeChat, and YouTube are the key platforms where we talk about our brands, share our stories, and connect with our community. In 2024, the total number of followers on LinkedIn increased to **197,279** showing a year-on-year follower growth of **5.9%**.



Employee Engagement

Employee engagement refers to the level of motivation employees have in contributing to business success and their willingness to invest discretionary effort toward completing tasks critical to achieving organizational goals. Research shows that companies with highly engaged employees experience twice the revenue growth compared to those with lower engagement levels.

Our recent Employee Engagement Survey, conducted from October 7 to October 21, 2024, included 33 Likert-scale items and three open-ended questions. We are pleased to report a remarkable **93%** response rate—an increase of 10 percentage points since the last survey in 2022—and an Engagement Index of **86%**. The results indicate that our employees are not only engaged, but they also take pride in working for Li & Fung, with 90% expressing a desire to remain with the company.



The feedback we received provided valuable insights into our strengths and opportunities across eight key themes: Culture, Development, Leadership Effectiveness, Communication, Customer Focus, Diversity, Equity & Inclusion (DEI), and Rewards & Recognition. Notably, our continued focus on customer needs yielded a score of **94%**. Additionally, an impressive **91%** of our employees feel they are treated fairly, regardless of differences in race, gender, age, religion, sexual orientation, and more, reflecting the core values and ethics of Li & Fung.

To further explore opportunities for improvement and to ensure we are listening to our employees, we are conducting ongoing global focus groups. These sessions aim to gain deeper insights and formulate actionable steps to continue fostering a culture of engagement at Li & Fung.

13.2 CREATING A DIVERSE, EQUITABLE AND INCLUSIVE WORKFORCE

The goal of Li & Fung’s Global Diversity and Inclusion program is to establish a work environment where every individual is respected, and both differences and commonalities are appreciated. We focus on raising awareness and educating our staff about diversity and inclusion. We believe that the varied perspectives of our colleagues enhance our collective contributions, and we strive to ensure fair and equal opportunities while cultivating an inclusive culture that promotes psychological safety for everyone.



The mission of Li & Fung's Global Diversity and Inclusion program is:
Creating a workplace where all individuals are respected and differences and similarities are valued, by promoting awareness and education about Diversity and Inclusion.

We are committed to building an inclusive culture that respects every employee for who they are - regardless of gender, age, race, disability, or sexual orientation.

We value diversity as a cornerstone of our identity, thriving on unique individuals, varied experiences, and diverse perspectives. To create and sustain a fair, equitable, and inclusive environment, we are committed to cultivating a culture of belonging, transitioning from awareness to empathy, and fostering trust through inclusive leadership. Our dedication to nurturing this culture is unwavering as we operate responsibly towards a more equitable, resilient world. We promote diversity, equity, and inclusion (DEI) through education, dialogue, and governance, implementing initiatives that encourage safe and open discussions on diversity and inclusion throughout the organization.

D&I article series: in 2024, 5 articles have been published on our One Family intranet, covering topics such as: Diversity of thought, Honoring autism acceptance by celebrating differences, How Unconscious Bias can impact the LGBTQ+ community, Unveiling Bias and the Transformative role of AI, and more.

- D&I speaker series: external and internal guest speakers who are experts in their respective fields were invited for a live discussion, spotlighting key topics such as: Hispanic Heritage, Autism Awareness and Acceptance, Pride, International Women’s Day, Celebrating Black History and more.
- Educational workshops on Unconscious Bias: interactive virtual workshops titled “Beyond the Surface: Exploring Unconscious Biases” that aims to improve consciousness of the psychological shortcuts that lead to quick judgments about people's skills or character, frequently based on physically visible or superficial characteristics. During the 60-minute session, key topics covered includes - What is Unconscious Bias? What can trigger Unconscious Bias? And strategies to overcome Unconscious bias. Over 900 colleagues joined the 4 sessions conducted in 2024.
- Awareness sessions: on topics such as mental health, stress management and meditation, as well as interactive sessions to get our colleagues physically active (ie. yoga, Zumba, and desk workouts).

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▲ Honoring autism acceptance by celebrating differences



▲ Unveiling bias and the transformative role of AI



▲ How unconscious bias can impact the LGBTQ+ community

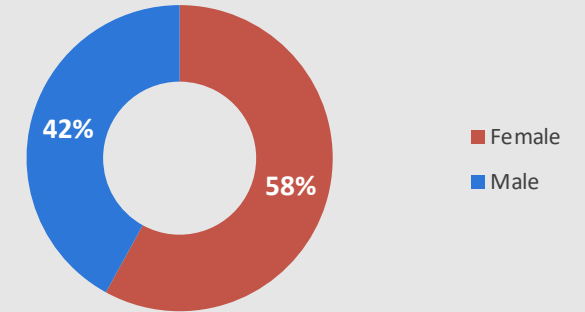
By creating and embracing a diverse workforce that is engaged to deliver our strategy and help customers thrive wherever they are, and connecting them to opportunities near and far, big and small, diversity provides Li & Fung with a competitive advantage and the promise of a more sustainable future. A snapshot of a few articles published in 2024 are below:



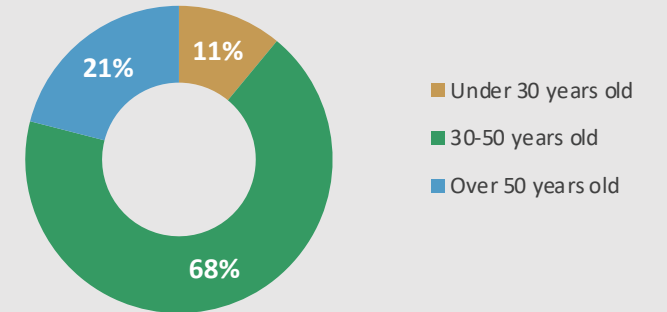
▲ D&I Day Celebration in China ▼



Total Workforce by Gender



Total Workforce by Age Group



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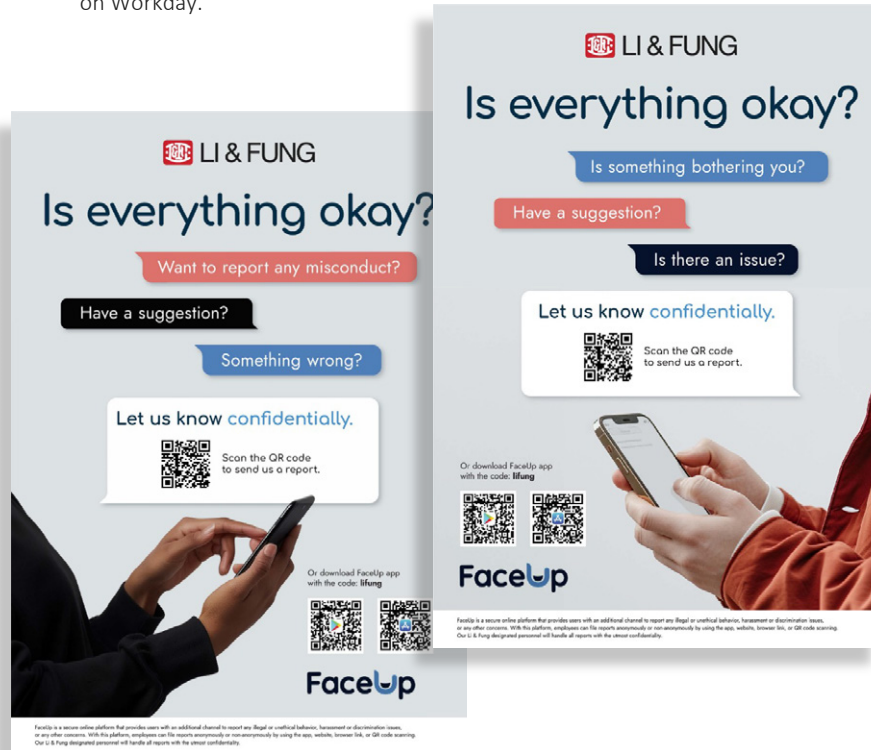
Building a Safe and Equitable Workplace

Being an equal opportunity and inclusive employer, we ensure that women are not discriminated against based on pregnancy, motherhood or family responsibilities during the recruitment or employment process. Flexible working arrangements, availability of breast-feeding rooms, family-friendly days, maternity and paternity leave options and building an inclusive and supportive work environment are all efforts taken in this direction.

At Li & Fung, we are committed to creating and maintaining a workplace **free of harassment and discrimination**, where all individuals are treated with dignity, equality, and respect. We have a zero-tolerance policy for behavior that creates an intimidating, hostile, or offensive work environment and we prohibit retaliation against employees who report concerns related to harassment or discrimination. To this end, we launched our Global Anti-Harassment & Anti-Discrimination Policy & Procedure in 2019 and updated it in 2023.

In 2024, we ran an organization-wide promotional campaign on FaceUp. First introduced in 2023, FaceUp a secure online platform that provides employees with an additional channel to report any illegal or unethical behavior, harassment or discrimination issues, or any other concerns.

With this platform, employees can file reports anonymously or non-anonymously by using the app, website, browser link, or QR code. Our designated personnel will handle all reports with the utmost confidentiality. The mobile application can be downloaded from Google Play or the App Store. All employees are required to read and acknowledge the Policy on Workday.



Responsible Recruitment

Recruitment should take place in a way that respects, protects, and fulfils internationally recognized human rights. This includes following international labor standards such as prevention and elimination of forced labor, child labor, and discrimination in employment. It is crucial that Responsible Recruitment practices are implemented both within the company's operations and throughout its supply chain. Li & Fung's Human Resources team has rolled out a comprehensive policy that applies to all 31 recruitment agencies across 9 economies: Bangladesh, China, Germany, Hong Kong, India, Pakistan, the UK, the US, and Vietnam. All agencies involved in hiring staff and management have formally acknowledged our Responsible Recruitment statement. This statement outlines our commitment to the Employer Pays Principle (EPP) and our commitment to communicate this principle to both agencies and job seekers. Additionally, it mandates that workers receive contracts in their native languages, retain possession of their identity documents, and have access to effective grievance mechanisms.

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13.3 EMPOWERING OUR PEOPLE

We believe that cultivating a robust learning culture is essential for the sustainable growth of our company. To harness our employees' talents and enhance their skills, we offer a variety of programs focused on leadership development, business and technical acumen, professional expertise, and ESG (Environmental, Social, Governance) awareness.

Total Training Hours:

31,130



Avg. Training Hours per Employees:

8.16 hrs

Our strategy for creating a diverse range of learning resources is driven by the demand for flexible, efficient, and effective learning options. We employ a mix of e-learning courses, virtual workshops and webinars, micro-learning segments, in-person workshops, and social learning platforms to ensure our offerings are comprehensive and accessible.

In today's rapidly changing business landscape, it is imperative that we continually expand our knowledge, sharpen our skills, and provide our colleagues with the tools they need to stay ahead. Our Learning & Development team works closely with business leaders to regularly reassess the company's needs and identify opportunities for improvement.

Grow with Growth – New Flagship Learning & Development Program

In 2024, we introduced a new learning initiative: **Grow with Growth**. This leadership development program is centered on the interconnected themes of people, business, and leadership. We successfully implemented this model across several key divisions within the company, aiming to cultivate talent that can grow alongside our business, enhance empowerment and

collaboration, and strengthen operational excellence to improve efficiency and ways of working. This learning program follows a cohort model and can be customized and tailored to specific customer requirements.

The program reflects our commitment to nurturing Li & Fung's leadership through engaging in-person workshops in Hong Kong, complemented by monthly virtual seminars. Our goal is to equip our leaders with the skills to mentor their successors and team members effectively as the business evolves.

Building on the success of the initial program, we are excited to announce the launch of **Grow with Growth 1.0 and 2.0** in 2025, extending its benefits to all of Li & Fung.

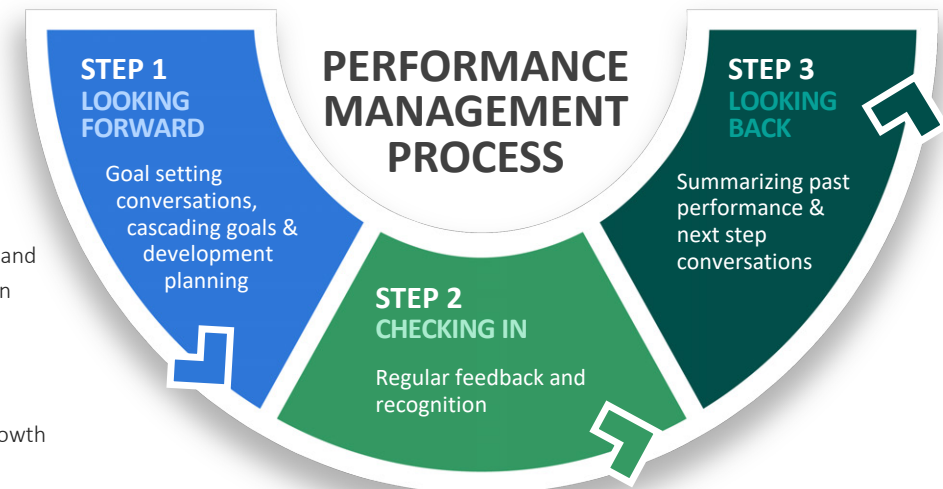
Developing our People

At the heart of our development strategy is the 360-degree feedback process, which identifies high performers by evaluating current achievements and future potential. This comprehensive approach allows our colleagues to gain insights into their behavior and performance from multiple perspectives, enabling them to focus on their strengths and areas for improvement.

Our company fosters a culture of continuous feedback and open communication, supporting ongoing development for sustained growth through tools like the 360 assessments. In 2024, we successfully completed the 360-degree feedback process for over 50 employees. To date, we have conducted more than 1,100 assessments with feedback collected from over 4,000 colleagues. This invaluable feedback further enriches each employee's Individual Development Plan.

Our **Performance Management Process** has placed a strong emphasis on setting specific, measurable, and meaningful business objectives alongside Personal Development Goals for all employees. Each individual is assessed against six behavioral and leadership competencies, in addition to their KPI-oriented goals. We promote regular check-in meetings and proactive communication between managers and employees, encouraging timely exchanges of feedback and coaching to enhance performance and boost employee morale.

The annual global Performance Management process allows for a comprehensive review of past performance with a focus on future-forward conversations and planning, and ongoing communication between managers and associates throughout the year.



We firmly believe that performance management and employee development should be an ongoing, year-round process ingrained in our company culture, rather than a singular event confined to the year-end review cycle.

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Engaging & Rewarding Our People

Throughout the year, we hold various events to share the company strategy and encourage dialogue and innovative thinking across our offices. Through Town Halls, Annual Conferences, team meetings and other events, our people have the opportunity to connect and learn from seasoned professionals and collaborate with peers to incubate business ideas and enable direct engagement with our CEO and senior leaders on our business priorities and performance.

Valuing our people extends to appreciation events and special days for families, which we regularly organize. Company benefits are inclusive of health-related plans administered locally according to country laws and offerings, Employee Assistance Programs (EAP), Discount Programs and more. Great importance is placed on employee wellness and work- life integration.

Our monthly global new joiners email campaign is designed to help everyone get to know our new colleagues and make them feel welcomed as part of our team. It also aims to foster a sense of belonging among our new employees.



Long Service Awards (LSA)

Each year, we also recognize our people's work anniversaries with Li & Fung, from 5 to 45+ years, through our Long Service Awards ceremony, where awardees are presented with gold coins and gold pins for their years of service to the company in multiples of 5 years.

In March 2025, our office headquarters in Hong Kong held a Long Service Awards ceremony to honor dedicated employees for their years of service, with 65 colleagues from the Hong Kong office present to receive their awards this year. The event was further enhanced by captivating performances, including magic shows and a Sichuan Bian Lian (face changing) show, creating a vibrant atmosphere and celebrating the strong sense of community and appreciation within our organization.



Every year, each of our offices around the world hosts a Long Service Awards ceremony for colleagues based in that location.

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LF GEM Awards

The LF GEM Awards is a global initiative that recognizes, rewards and celebrates individuals and teams that have “Gone the Extra Mile” to deliver extraordinary results for the company, our customers, vendors, and communities.

Launched in January 2021, this award is open to all employees across all functions and geographies. At Li & Fung, impact is not only about numbers, sales and business results, but it is also about enhancing employee engagement, wellbeing, and giving back to our communities and our environment.

Each entry is judged against the 4Cs: Contribution, Creativity, Collaboration and a Can-do Attitude and winners are selected every six months to each win a cash prize. Semi-annual winners are also then eligible to win an annual Group CEO Award, with the gold, silver and bronze winners receiving US\$10,000, US\$7,500 and US\$5,000, respectively.

For this program to be successful, colleagues are encouraged to submit a nomination if they have noticed someone that has gone above and beyond to make a positive impact on the company. The nominators are also then eligible to receive a cash prize if their nominee goes on to win a Semi-Annual Award.

Throughout the year, our One Family page continues to shine a spotlight on our GEM Winners and their stories with a series of insightful and informative editorials and interviews.



Throughout the year, our One Family page continues to shine a spotlight on our GEM Winners and their stories with a series of insightful and informative editorials and interviews.

‘Meet our people’ series on One Family

Launched in January 2024, this monthly series published on our One Family intranet site, features colleagues from offices around the world to discover who they are, what their hobbies and talents are, and learn what motivates them to bring their full selves to work every day. Through the series, we hope to bring together the global LF family and inspire more of our people to share their stories, get inspired and inspire others along the way. We believe learning about our colleagues beyond work will foster a deeper connection and bring the LF Family closer together.



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13.4 PROMOTING WELLBEING

When our people are happy, healthy and provided with a safe, inclusive workplace, we are enabling everyone to thrive in both their personal and professional life. Our strategy and programs are tailored to support our peoples' wellbeing and to meet occupational health and safety requirements for our offices. To support local needs and meet local legal requirements, our working hours and benefits, and other terms of employment, are tailored to each office location.

At Li & Fung, we take care of our employees by providing a safe workplace and creating an environment where we educate, support, and empower our employees to improve and maintain their overall health and wellbeing through healthy lifestyle choices.

In 2024, we continued to foster healthy work-life integration within our various office locations to support the wellbeing of our employees and promote sustainable growth for both our organization and our workforce.

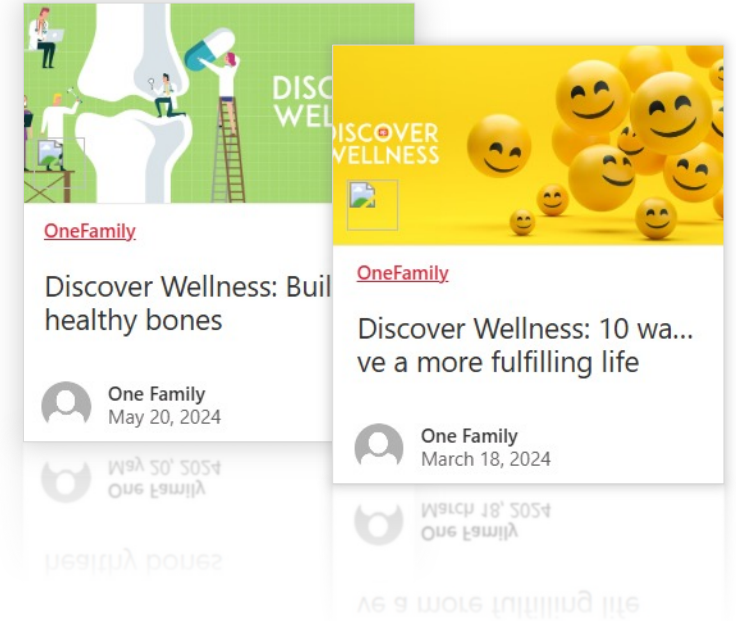
Below is a summary of key activities organized globally:

A total of 227 health and wellbeing initiatives were conducted across 14 locations, comprising 183 in-person events and 44 online sessions, engaging thousands of participants worldwide. These activities addressed a variety of topics, including nutrition, heart and bones health, mental health and emotional wellbeing. Specific topics covered included Breathing Techniques and Face Yoga Seminar, 4-minute workouts, Webinar Session on Kidney Cancer Awareness, Managing Worry & Anxiety, Financial Wellbeing Series – Debt Management, Awareness Session on World No Tobacco Day, Healthy cooking demos, and Mediation sessions, just to name a few.

Discover wellness

Discover Wellness is our holistic wellness initiative and is dedicated to fostering a culture of health and wellbeing among our employees by sharing effective strategies in nutrition, physical fitness, and mental and emotional wellness. This initiative reflects our commitment to supporting and caring for our employees. We execute various programs and activities aimed at raising awareness and encouraging the integration of these healthy practices into our everyday lives. Our initiatives include:

- **Employer Resource Groups (ERGs):** In 2024, our employees in the US offices organically came together to form 2 new ERGs. The creation of the **Parenting ERG** and **Caregiver ERG** addresses the important needs of employees who are navigating the complexities of parenting and caregiving in today's world. Purpose and Goals:
 - ◇ **Parenting ERG:** Aims to create a supportive community for parents to discuss the unique challenges they face, share resources, and find advice. This helps colleagues alleviate feelings of isolation and provides a platform for discussing work-life balance.
 - ◇ **Caregiver ERG:** Focuses on supporting employees who care for family members or loved ones in need. This group offers emotional support, caregiving resources, and provides a safe space to discuss the challenges of caregiving.
- **Article Series:** A monthly article series titled "Discover Wellness" on the company intranet, One Family, featuring 8 articles that provide useful information for healthy habits. These articles have been read 1274 times in 2024. Here are a few highlights from the "Discover Wellness" articles: New Year's health resolutions, Heart health awareness, Happiness, Building healthy bones, Taking care of your thyroid, Discover a life with purpose, Pink Global Issue and Tips for a healthy holiday season.



- **Events:** Global well-being events include our annual global breast cancer awareness campaign, which involves educational presentations by medical professionals, awareness events, and team-building activities. We ran a monthly series of virtual workshops focused on health and wellness, called Food+Mood facilitated by external experts on topics such as: Eating, Thinking, and Moving Healthier, How to Manage Your Triggers, Healthy Cooking Demos, for a total of 8 workshops in 2024. We also organized a biannual walking challenge to promote a healthier lifestyle while encouraging some friendly competition between colleagues.

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13.5 SOCIAL SUSTAINABILITY EDUCATION & AWARENESS

In 2024, Li & Fung took several steps forward to reinforce the critical importance of sustainable development, not only to achieve our business objectives, but also to meet the evolving expectations of our stakeholders, customers, and communities. Our Environmental, Social, and Governance (ESG) strategy reflects our commitment to delivering value throughout global supply chains while adhering to our core values of people, partners, and the planet.

Throughout the year, we made significant progress in advancing our ESG efforts across all areas of operations and supply chains. We were dedicated to minimizing our environmental footprint, enhancing supply chain transparency, and embedding our values into our daily practices.

In line with our efforts to enhance global understanding of ESG, we launched various initiatives under the “Li & Fung ESG” umbrella in 2024. This included the rollout of refreshed mandatory corporate policies and eLearning modules that were completed by all employees via our HRIS Workday, promotion of the FaceUp reporting platform, and an educational article series on One Family aimed at increasing awareness around ESG and its significance.

Effective corporate governance and company policies are vital for creating a productive work environment, ensuring compliance with legal standards, and sustaining the trust of our stakeholders. Regular reviews of these policies and the completion of mandatory e-learning were essential for adapting to evolving regulations, enhancing organizational culture, and managing risks effectively.

We introduced updated policies and eLearning modules; these new engaging e-learning programs are designed to keep our employees informed about our policies and ESG objectives. These newly designed modules offered interactive and interesting content to ensure that our workforce remained up-to-date on these important topics. All employees are required to review these materials and complete the associated assessments by the end of 2024. Key topics included:

Discover wellness

Discover Wellness is our holistic wellness initiative and is dedicated to fostering a culture of health and wellbeing among our employees by sharing effective strategies in nutrition, physical fitness, and mental and emotional wellness. This initiative reflects our commitment to supporting and caring for our employees. We execute various programs and activities aimed at raising awareness and encouraging the integration of these healthy practices into our everyday lives. Our initiatives include:

- **Code of Conduct and Business Ethics 2024**
- **Anti-bribery Policy**
- **Guidelines on Gifts, Entertainment, and Hospitality**
- **Guidelines on Whistleblowing and Reporting Concerns**
- **Trade Compliance Policy**
- **Anti-Harassment and Anti-Discrimination Procedures**
- **Supplier Code of Conduct**
- **Child Labor Remediation**
- **Recognizing Modern Slavery**
- **General Information Technology Security Awareness Training**



We also strongly encouraged enhanced education and awareness with the following global ESG regulations through new eLearning courses for all employees:

- **Uyghur Forced Labor Prevention Act (UFLPA)**
- **UK Modern Slavery Act**
- **EU Corporate Sustainability Due Diligence Directive (CSDDD)**
- **EU Forced Labor Regulation**
- **Canada’s Forced Labor and Child Labor in Supply Chains Act**



The commitment to annually refreshed mandatory training underscored the necessity of remaining agile and compliant in a changing business landscape, while continuing to build a positive workplace culture. Strong corporate governance and effective policies are foundational to our success and employee satisfaction.

Additionally, December 2024 marked our inaugural **Li & Fung Global ESG Week**, which highlighted the pivotal role of ESG principles in promoting both environmental health and sustainable business growth. The Global ESG Panel Discussions featured members from the ESG Corporate Committee, along with external experts discussing crucial topics such as “What is ESG and its Importance,” “Supply Chain Human Rights and Modern Slavery,” and “Environmental Corporate Responsibility.”



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This event attracted over **1,400** participants across four virtual sessions, with many attendees engaging in multiple discussions to gain deeper insights. The feedback was overwhelmingly positive, with an average satisfaction rating of **4.5 out of 5** from post-session surveys, reflecting our collective commitment to understanding and implementing ESG practices.

We extend our heartfelt gratitude to our panel members for their invaluable contributions and to our global audience for their enthusiastic participation. A special acknowledgment goes to the Corporate Communications & VOICES teams and our Country HR members for their essential roles in organizing impactful regional events that greatly enriched the overall Global ESG Week experience.

Through these efforts, we were able to pave the way for long-term value creation while embodying our responsibilities as corporate citizens. We look forward to continuing this journey in 2025 and beyond.



13.6 COMMUNITY ENGAGEMENT

Li & Fung's long-term success is intricately linked to the well-being of the local communities in which we operate. Investing in and caring for these communities is an essential component of our sustainability strategy. We strive to build sustainable communities by leveraging our global networks, local expertise, and strong relationships.

Our unwavering dedication to fostering positive change drives us to maximize our contributions to fulfilling our social responsibility. In 2024, our colleagues organized and participated in over 41 community engagement activities, including – Blood Donation Camps, Warm Clothing Distribution Drives, Fabric Upcycling Workshops, Volunteering in Community Kitchens, Volunteering at Old Age Homes & Orphanages, Supporting International Down Syndrome Day, Fundraising for the Wildfires in Los Angeles and more.

A snapshot of some of our initiatives are shared below:

Li & Fung Indonesia Volunteers at Nursing Home

A heartwarming visit to a nursing home - colleagues at the Li & Fung Indonesia office volunteered at a local elders nursing home where they spent time engaging with the residents and made in-kind donations.



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Children's Day Celebration

In 2024, the New York and Türkiye offices proudly hosted "Children's Day," an event designed to foster connections between our associates and their families while giving children a glimpse into their parents' workplace.

The day was a resounding success, with over 25 children joining us for a delightful experience filled with arts and crafts, engaging science experiments led by our very own HR team, and delicious food! The children relished the opportunity to meet their parents' colleagues, explore the workplace, and learn about their parents' roles. A highlight of the event in New York was the exhilarating tour of the Empire State Building, which left a lasting impression on all attendees.



Li & Fung Cambodia Fundraises Through "Road to Give" Marathon

Colleagues and their families from the Li & Fung Cambodia office participated in the "Road to Give" marathon on December 8th, 2024, to raise funds for their local children's hospital.



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LF Türkiye team provides support to Kahramanmaraş earthquake survivors

On October 23, the LF Türkiye team partnered with the TEGV Foundation to visit and provide support to children in the Kahramanmaraş earthquake zone. After last year's devastating earthquake, the team had been quick to provide crucial support to survivors by delivering food, finding shelter and providing them with educational resources to help them rebuild their lives. This initiative embodies our unwavering commitment to uplifting communities that have faced unimaginable adversity. Li & Fung believes in the transformative power of compassion; and this experience serves as a poignant reminder that we can empower young lives and inspire meaningful change.



South Korea: Creativity meets sustainability

In the South Korea office, our employees showcased their creativity during the Eco-Friendly Cup Creation event. By transforming used cups into personalized, reusable eco-cups, we not only sparked a fun and engaging session with participants but also significantly minimized waste from disposable cup usage. Such initiatives emphasize our responsibility to reducing our carbon footprint while encouraging innovative yet simple solutions.

Additionally, the "2024 km Walk Challenge" encouraged colleagues to walk together towards a common goal of completing 24 kilometers over two weeks. This activity not only promotes physical health but also sheds light on our commitment to reducing CO2 emissions. Our shared journey illustrates how individual actions contribute to collective environmental benefits.



The office also organized a CPR training session in the office for their colleagues to attend, that covered first aid, the Heimlich maneuver, CPR, how to use a defibrillator with lots of hands-on practice. The instructor also showed videos and explained various situations of how CPR can save people especially during the summer season, including someone suffering from heatstroke or a bee sting. She also shared how performing immediate CPR together with the use of an automated external defibrillator can double or even triple survival rates.



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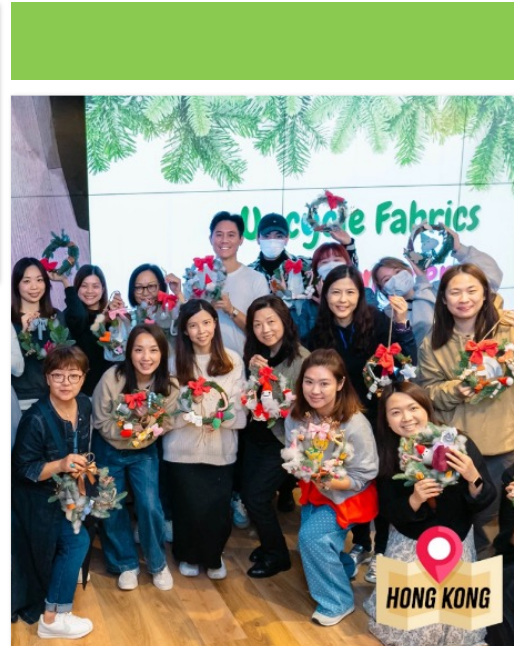
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Hong Kong: Making an impact with upcycling and the Carbon Reduction Pledge

During the December 2024 ESG Week, in the Hong Kong office, a series of impactful events and activities. One of the highlights was the "Carbon Reduction Pledge," where employees committed to adopting sustainable practices in their personal and professional lives, thereby fostering a collective responsibility towards the environment. Another engaging activity was the "Christmas Decoration Workshop," which creatively utilized upcycled materials, encouraging participants to rethink waste and promote sustainable crafting techniques. Additionally, the week included a series of informative sessions focused on fostering a carbon-neutral lifestyle, where experts shared practical tips on reducing carbon footprints, enhancing community engagement, and implementing eco-friendly choices. These events not only boosted employee engagement but also inspired a cultural shift towards sustainability at the workplace and beyond.



Bangladesh: A focus on well-being and community support

In Bangladesh, our workplace embraces the spirit of health and community support. Health awareness sessions, including flu protection workshops during the winter months, showcase our commitment to employee wellness. An annual marathon event encourages physical fitness and camaraderie among staff, reinforcing our dedication to a healthier lifestyle.

The warm clothes distribution campaign planned for the northern region underscores our social responsibility. By providing support to underprivileged members of the community, we exemplify the true ethos of ESG: caring for our environment and the people who inhabit it.



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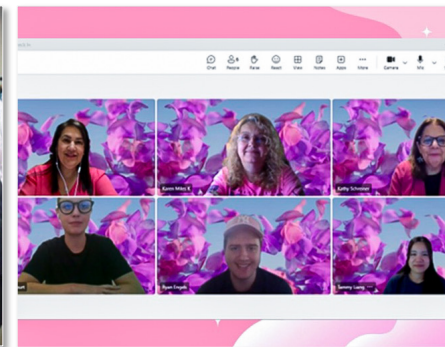
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Pink Day 2024: Uniting for Breast Cancer Awareness

Our LF global offices came together to champion Breast Cancer Awareness with a series of impactful activities. Our collective efforts not only raised awareness, but also demonstrated our dedication to supporting this important cause. In support of Breast Cancer Awareness Month, various initiatives were organized globally.

Activities included awareness sessions, wellness challenges, and educational events on self-examinations. Many locations collected donations for breast cancer foundations and emphasized the importance of early detection. Additional efforts included health talks, public webinars, and community outreach. Overall, these initiatives highlighted a collective commitment to raising awareness, promoting prevention, and supporting those affected



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Paid Volunteering Time-Off

Li & Fung offers all its employees 1-day a year of volunteering paid-time-off as part of its global volunteering leave policy. This is a great way to promote a positive work culture and boost employee engagement, all while giving back to the communities where we live and work. Below are a few examples of how our teams organized various volunteer activities in our offices around the world to provide support to local nonprofit organizations and our communities.



Shanghai, China

The team in our Shanghai office collaborated with Shantao Buy42, China's first O2O charity store, which promotes an inclusive public welfare ecosystem through charitable initiatives. Their mission emphasizes green environmental protection and encourages civic engagement, creating a space for individuals of all backgrounds and abilities to thrive. Through a community outreach project, we engaged with local members, witnessing firsthand the positive effects of Shantao Buy42's work while participating in various operational tasks. This volunteering experience not only allowed us to give back, but also prompted us to reflect on our social responsibilities and inspired us to advocate for inclusivity and support for marginalized communities. Moving forward, we are dedicated to finding more opportunities to collaborate with local charities like Shantao Buy42 and strive to foster a society where everyone can flourish and contribute meaningfully.

Burichang Upazila, Bangladesh

In August 2024, heavy monsoon rains and upstream water surges caused severe flooding in eastern Bangladesh, affecting 3 million people and endangering over two million children, according to UNICEF. In response to this crisis, the LF Bangladesh VOICES team took action by supporting emergency food relief efforts for 50 families in Burichang Upazila, Comilla district, who remain submerged in floodwaters. Our team traveled from Dhaka with local guides to procure and distribute essential dry foods to the affected families. Throughout the packing and distribution process, we engaged with community members to hear their stories and witness their gratitude, which was deeply rewarding. This volunteering experience not only allowed us to develop new skills and gain insights into the climate vulnerabilities faced by local communities, but also fostered empathy and encouraged a commitment to giving back, ultimately making a positive impact on the lives of those affected by the floods.



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Bangkok, Thailand

In Bangkok, our VOICES Thailand team participated in a community volunteer project at Chak Dang Temple, which is dedicated to reducing waste by promoting responsible garbage sorting among monks and visitors in line with the 3Rs principle (Reduce, Reuse, Recycle). The temple has creatively transformed various waste materials into new products, turning plastic bottles into lamps, milk cartons into roof tiles, food waste into fertilizer, and Styrofoam into bricks. During our volunteer activity, we contributed by making bricks from styrofoam waste by mixing grounded styrofoam with cement, sand, small gravel, and water, and then packing the mixture into molds to dry under the sun. These bricks will eventually be used to create a pathway in the garden. This experience was a great way to raise our team's awareness of the importance of sorting recyclable materials.



Bangalore, India

LF India VOICES team organized a free child health check-up camp at a government primary school in a slum area of Bangalore, conducted by the medical staff of Peoples Tree Hospital. The camp aimed to assess the basic health parameters of children up to one year old, as well as offer general check-ups for older children, benefiting a total of 110 students. Each child received a bag of snacks and juices, while doctors measured their age, height, and weight to evaluate their health. The hospital conducts similar camps within a 100-mile radius and has observed that children from these communities generally have normal health due to the active participation of mothers during pregnancy and high rates of normal deliveries. Feedback from mothers revealed a shift in perspective, as many previously believed they should only visit a doctor when their child was unwell; however, the general check-up helped reassure them about their child's overall health and development.

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Ho Chi Minh City, Vietnam

In collaboration with the [Christina Noble Children's Foundation \(CNCF\)](#), our colleagues from LF Vietnam—including the Admin, HR, QA, and VOICES teams—came together to celebrate the Mid-Autumn Festival with underprivileged children at the Sunshine Boys' Home and Sunshine Girls' Home. These homes provide support to boys and girls aged 5 to 20 from disadvantaged backgrounds, including those from impoverished families unable to provide for them, orphans, abandoned children, street children, and those at high risk of commercial and sexual exploitation, drug trafficking, and violence. During the celebration, we engaged in lantern decorating and enjoyed mini games with the children, fostering their teamwork skills. We would like to extend our gratitude to our local Women QA team for their generous support, which enabled us to donate school supplies to these children for the upcoming school year.



Hong Kong

For volunteer activity, the VOICES Hong Kong team has partnered with [the Crossroads Foundation](#) – a Hong Kong-based nonprofit organization dedicated to alleviating poverty and promoting sustainability through the redistribution of surplus goods and resources. The foundation connects businesses with NGOs and communities in need, facilitating the donation of items such as clothing, food, and educational materials to help support various causes both locally and internationally. Our volunteer activities are aligned with the current needs identified by the Foundation, including sorting and packing donated items such as household goods and clothing, moving furniture, and loading containers with supplies for NGOs around the world. Additionally, we contributed clothing items generously donated by other LF colleagues in Hong Kong to support the Foundation's efforts.



Corporate volunteerism fosters a positive organizational culture, enhances employee engagement, and strengthens community ties. By supporting volunteer initiatives, companies demonstrate their commitment to social responsibility and empowers their people to connect their skills and passions with meaningful causes. This involvement can lead to increased job satisfaction, improved morale, and better teamwork.

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ESG Performance Indicators

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ENVIRONMENT PERFORMANCE TABLE		UNIT	FY2021	FY2022	FY2023	FY2024
GHG Emissions						
Direct Emission (Scope 1)	Tonnes of carbon dioxide equivalent ("tCO ₂ e")	924.7	855.9 ⁹	549.9	685.4	
Indirect Emission (Scope 2-location based)	tCO ₂ e	6,629.0	5,533.72 ¹⁰	4,276.4	3,735.5	
Indirect Emission (Scope 2 -market-based)	tCO ₂ e	6,629.0	5,269.6 ¹¹	4,130.2	3,588.3	
Total GHG Emissions (location-based)	tCO ₂ e	7,553.8	6,389.6	4,826.3	4,420.1	
Total GHG emissions (market-based)	tCO ₂ e	7,553.8	6,125.5	4,680.1	4,273.7	
Energy Consumption						
Electricity	Megawatt hours ("MWh")	13,520	12,639.6 ¹²	9,345.9	8,530	
Natural gas	Megawatt hours ("MWh")	2,805	2,998.1	1,553.0	1,776	
Petrol	Litre ("L")	9,897	5,091.8 ¹³	5,483.1	5,401	
Petrol	Megawatt hours ("MWh")	140	72 ¹⁴	77	503	
Diesel	Litre ("L")	99,186	108,950	96,183	91,890	
Diesel	Megawatt hours ("MWh")	940	1,032	911	855	
Purchased green electricity	Megawatt hours ("MWh")	-	766	422	1,261	
Solar power	Megawatt hours ("MWh")	-	237.4	156	716	
Total Energy Consumption	Megawatt hours ("MWh")	17,415	16,742 ¹⁵	11,888	11,664	
Resource Consumption						
Water	m ³	57,840	38,654	22,463	20,224	

⁹ 2022 Scope 1 figure was modified due to the reporting boundary change.

¹⁰ 2022 Scope 2 figure was modified due to the reporting boundary change.

¹¹ 2022 Scope 2 figure was modified due to the reporting boundary change.

¹² 2022 Electricity figure was modified due to the reporting boundary change.

¹³ 2022 Petrol consumption figure was modified due to the reporting boundary change.

¹⁴ 2022 Petrol consumption figure was modified due to the reporting boundary change.

¹⁵ 2022 Energy consumption figure was modified due to the reporting boundary change.

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Social performance				
TOTAL WORKFORCE		FY2022	FY2023	FY2024
Total number of existing employees		4,248	3,892	3,811
By Gender				
Female		2,461(58%)	2,247 (58%)	2,216 (58%)
Male		1,785 (42%)	1,632 (42%)	1,594 (42%)
Prefer not to say		2	13	1
By Age				
Under 30 years old		482 (11%)	381 (10%)	419 (11%)
30-50 years old		2,982 (70%)	2,728 (70%)	2,601 (68%)
Over 50 years old		782 (18%)	770 (20%)	790 (21%)
Prefer not to say		2	13	1
By Geographical Region				
Asia Pacific		3,485 (82%)	3,189 (82%)	3,138 (82%)
Americas		171 (4%)	158 (4%)	161 (4%)
Europe, Middle East, and Africa (EMEA)		592 (14%)	545 (14%)	512 (13%)
By Employment Type				
Full-Time		4,168 (98%)	3,808 (98%)	3,731 (98%)
Permanent		3,297	3,035	2,933
Contract		835	727	759
Temporary		17	22	12
Others		19	24	27
Part time		80 (2%)	84 (2%)	80 (2%)
Permanent		73	69	62
Contract		4	5	5
Temporary		2	2	6
Others		1	8	7

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ESG Performance Indicators

Social performance

TOTAL WORKFORCE		FY2022	FY2023	FY2024
Total number of existing employees		4,248	3,892	3,811
By Grade Group				
G2 and above		266 (6%)	239 (6%)	227 (6%)
	Female	121 (45%)	111 (46%)	103 (45%)
	Male	145 (55%)	128 (54%)	124 (55%)
G3 - G4		1511 (36%)	1460 (38%)	1451 (38%)
	Female	865 (57%)	847 (58%)	835 (58%)
	Male	646 (43%)	612 (42%)	616 (42%)
	Prefer not to say	-	1	-
G5 and below		2471 (58%)	2193 (56%)	2133 (56%)
	Female	1475 (60%)	1289 (59%)	1278 (60%)
	Male	994 (40%)	892 (41%)	854 (40%)
	Prefer not to say	2	12	1

EMPLOYEE TRAINING		FY2022	FY2023	FY2024
Total number of training hours received by employees		17,713	24,342	31,130
Total number of employees who participated in training programs		3,886	3,947	4,022
By Gender				
Female		58%	58%	58%
Male		42%	42%	42%
By Grade Group				
G2 and above		6%	6%	6%
G3 - G4		35%	36%	37%
G5 and below		59%	59%	57%

** Grade Grouping Definition*

- Senior Management = G2 & above
- Middle Management = G3-G4
- General Staff / Individual Contributor = G5 & below

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ESG Performance Indicators

EMPLOYEE TURNOVER RATE	FY2022	FY2023	FY2024	
Overall (Voluntary and Involuntary Turnover Rate)	25%	19%	20%	
By Gender				
Female	25%	19%	20%	
Male	25%	18%	20%	
Prefer not to say	50%	62%	100%	
By Age				
Under 30 years old	41%	46%	37%	
30-50 years old	24%	16%	18%	
Over 50 years old	16%	16%	19%	
Prefer not to say	50%	54%	100%	
By Geographical Region				
Asia Pacific	25%	17%	19%	
Americas	28%	29%	22%	
Europe, Middle East, and Africa (EMEA)	23%	28%	27%	
Employee Voluntary Turnover Rate	13%	10%	10%	
By Gender				
Female	14%	10%	10%	
Male	13%	10%	10%	

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HKEX ESG REPORTING GUIDE GENERAL DISCLOSURES & KPIS		Explanation / Reference Section
ENVIRONMENTAL		
A1 Emission	Information on: <ul style="list-style-type: none">the policies; andcompliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous wastes.	12.2 Climate: Decarbonizing our Own Operations and Supply Chain
	The types of emissions and respective emissions data.	
	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	
	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Not applicable
	Total non-hazardous waste produced (in tonnes) and where appropriate, intensity (e.g. per unit of production volume, per facility).	Not applicable
	Description of measures to mitigate emissions and results achieved.	12.2 Climate: Decarbonizing our Own Operations and Supply Chain
	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Not applicable
A2 Use of Resource	Policies on efficient use of resources including energy, water and other raw materials.	Chapter 12
	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	12.2 Climate: Decarbonizing our Own Operations and Supply Chain
	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	12.3 Water

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A2 Use of Resource

Description of energy use efficiency initiatives and results achieved.

12.2 Climate: Decarbonizing our Own Operations and Supply Chain

Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.

12.3 Water

The total packaging material used for finished products (in tonnes), and, if applicable, with reference to per unit produced.

12.1 Products and Factories: Measurements and Improvements

A3 The Environment and Natural Resources

Policies on minimising the issuer's significant impact on the environment and natural resources.

12.1 Products and Factories: Measurements and Improvements
12.2 Climate: Decarbonizing our Own Operations and Supply Chain
12.3 Water
12.4 Chemical

Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.

A4 Climate Change

Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.

12.2 Climate: Decarbonizing our Own Operations and Supply Chain

Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.

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Explanation / Reference Section

B1 Employment

Information on:

- the policies; and
- compliance with relevant laws and regulations that have a significant impact on the issuer

relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.

13.1 Attracting Talent

13.2 Creating A Diverse, Equitable and Inclusive Workforce

13.3 Empowering Our People

Total workforce by gender, employment type, age group and geographical region.

Employee turnover rate by gender, age group and geographical region.

13.2 Creating A Diverse, Equitable and Inclusive Workforce

B2 Health and Safety

Information on:

- the policies; and
- compliance with relevant laws and regulations that have a significant impact on the issuer.

relating to providing a safe working environment and protecting employees from occupational hazards.

Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.

Lost days due to work injury.

Description of occupational health and safety measures adopted, and how they are implemented and monitored.

13.2 Creating A Diverse, Equitable and Inclusive Workforce

B3 Development and Training

Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.

The percentage of employees trained by gender and employee category (e.g., senior management, middle management).

The average training hours completed per employee by gender and employee category

13.3 Empowering Our People

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B4 Labor Standards	Information on: <ul style="list-style-type: none">the policies; andcompliance with relevant laws and regulations that have a significant impact on the issuer. relating to preventing child and forced labor.	13.2 Creating A Diverse, Equitable and Inclusive Workforce
	Description of measures to review employment practices to avoid child and forced labor.	
	Description of steps taken to eliminate such practices when discovered.	
B5 Supply Chain Management	Policies on managing environmental and social risks of the supply chain.	5 About Li & Fung 11 Responsible sourcing 12 Environment sustainability
	The number of suppliers by geographical region.	
	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	
	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	
B6 Product Responsibility	Information on: <ul style="list-style-type: none">the policies; andcompliance with relevant laws and regulations that have a significant impact on the issuer. relating to health and safety, advertising, labeling and privacy matters relating to products and services provided and methods of redress.	9 Product quality and safety
	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	
	Number of products and service-related complaints received and how they are dealt with.	

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B6 Product Responsibility	Description of practices relating to observing and protecting intellectual property rights.	9 Product quality and safety
	Description of quality assurance process and recall procedures.	
	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	10 Data privacy and protection
B7 Anti-corruption	Information on: <ul style="list-style-type: none">the policies; andcompliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	8 Ethics and integrity
	The number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	
	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	
	Description of anti-corruption training provided to directors and staff.	
B8 Community Investment	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	13.6 Community Engagement
	Focus areas of contribution (e.g., education, environmental concerns, labor needs, health, culture, sport).	
	Resources contributed (e.g., money or time) to the focus area.	

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Universal Standards		
GRI 1: Foundation 2021		
GRI 2: General Disclosures 2021		
The organization and its reporting practices		
2-1	Organizational details	1 About this report
2-2	Entities included in the organization’s sustainability reporting	
2-3	Reporting period, frequency and contact point	
Governance		
2-9	Governance structure and composition	2 Our approach to ESG
2-14	Role of the highest governance body in sustainability reporting	
2-17	Collective knowledge of the highest governance body	
Strategy, policies and practices		
2-22	Statement on sustainable development strategy	2 Our approach to ESG
2-23	Policy commitments	
2-24	Embedding policy commitments	
2-25	Processes to remediate negative impacts	
2-26	Mechanisms for seeking advice and raising concerns	
2-27	Compliance with laws and regulations	
Stakeholder engagement		
2-29	Approach to stakeholder engagement	2 Our approach to ESG
GRI 3 : Material Topics 2021		
3-1	Process to determine material topics	
3-2	List of material topics	
3-3	Management of material topics	

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Topic Standards			
GRI 205 : Anti-corruption 2016			
205-1	Operations assessed for risks related to corruption	8 Ethics and integrity	
205-2	Communication and training about anti-corruption policies and procedures		
205-3	Confirmed incidents of corruption and actions taken		
GRI 302 : Energy 2016			
302-1	Energy consumption within the organization	12.2 Climate: Decarbonizing our Own Operations and Supply Chain	
302-3	Energy intensity		
302-4	Reduction of energy consumption		
302-5	Reductions in energy requirements of products and services		
GRI 303 : Water and Effluents 2018			
303-1	Interactions with water as a shared resource	12.3 Water	
303-2	Management of water discharge-related impacts		
303-3	Water withdrawal		
303-4	Water discharge		
303-5	Water consumption		
GRI 305 : Emissions 2016			
305-1	Direct (Scope 1) GHG emissions	12.2 Climate: Decarbonizing our Own Operations and Supply Chain	
305-2	energy indirect / Scope 2 GHG emissions		
305-3	Other indirect / Scope 3 GHG emissions		
305-4	GHG emissions intensity		
305-5	Reduction of GHG emissions		
GRI 306 : Effluents and Waste 2016			
306-1	Waste generation and significant waste-related impacts	12.1 Products and Factories: Measurements and Improvements	
306-2	Actions taken to prevent waste generation		
306-3	Composition of waste generated		

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Topic Standards		
GRI 401 : Employment2016		
401-1	New employee hires and employee Turnover	Appendix I - ESG Performance Indicators
401-3	Parental leave	
GRI 403 : Occupational Health and safety 2018		
403-3	Guidance for Disclosure	11 Responsible Sourcing
403-6	Promotion of worker health	
403-9	Work-related injuries	
GRI 404 : Training and Education 2016		
404-1	Average hours of training per year per employee	Appendix I - ESG Performance Indicators
404-2	Programs for upgrading employee skills and transition assistance programs	
404-3	Percentage of employees receiving regular performance and career development reviews	
GRI 405 : Diversity and Equal Opportunity 2016		
405-1	Disclosure Diversity of governance bodies and employees	Appendix I - ESG Performance Indicators
GRI 407 : Freedom of Association and Collective Bargaining 2016		
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	11 Responsible Sourcing
GRI 408 : Child Labor 2016		
408-1	Operations and suppliers at significant risk for incidents of child labor	11 Responsible Sourcing
GRI 409 : Forced or Compulsory Labor 2016		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor Responsible Sourcing	11 Responsible Sourcing
GRI 414 : Supplier Social Assessment 2016		
414-1	New suppliers that were screened using social criteria	11 Responsible Sourcing
414-2	Negative social impacts in the supply chain and actions taken	