

Li & Fung's ESG Guide Content Index

HKEX's Environmental, Social and Governance (ESG) Reporting Requirements and Recommended Disclosures

The following table outlines how Li & Fung addresses the mandatory "comply or explain" provisions and the recommended disclosures, as outlined in the Hong Kong Exchanges and Clearing Limited (HKEX)'s *Listing Rules and Guidance, Appendix 27 - Environmental, Social and Governance Reporting Guide*¹. These include general disclosures and key performance indicators (KPIs) for aspects under the environmental and social subject areas.

A. Environmental Disclosures and KPIs

Aspects, General Disclosures and KPIs

A. Environmental – "comply or explain"

Aspect A1 : Emissions

General disclosure information on:

Policies and Compliance relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.

Reference in Li & Fung's 2019 Annual Report (AR) / Website

Relevant policies are outlined in the Li & Fung Code of Conduct & Business Ethics (<https://www.lifung.com/wp-content/uploads/2018/03/LF-Code-of-Conduct-and-Business-Ethics.pdf>) for our own operations and in the Li & Fung Supplier Code of Conduct (https://www.lifung.com/wp-content/uploads/2019/10/LF_CodeOfConduct_20Oct2019.pdf) for our suppliers. Our approach to implementing our Codes is outlined in AR 2019, in the sections listed below and on our website.

[AR – Our Footprint, pages 112-121](#)

Li & Fung's website –

<https://www.lifung.com/our-strategy/our-sustainability-strategy/>

<https://www.lifung.com/our-strategy/our-sustainability-strategy/managing-our-footprint/>

[AR – Footprint reduction initiatives](#)

[AR – Our Supply Chain, pages 92-105](#)

Li & Fung's website –

<https://www.lifung.com/suppliers/working-with-suppliers/>

As Li & Fung's business is operated from over 230 offices and 270 distribution centers, international, national and local laws and regulations related to emissions are not material to our direct activities and do not have a significant impact to Li & Fung. How we manage risk and compliance in the direct procurement of goods and services for our own operations is addressed on pages 117 of the Our Footprint section of AR 2019. We are not aware of any material non-compliance with laws and regulations during the reporting year.

With a network of over 15,000 suppliers in over 55 countries, there are multiple international, national and local laws and regulations related to air emissions, wastewater discharge and the management of chemicals and both non-hazardous and hazardous waste that could have a significant impact on the operations of our suppliers. How we manage risk and compliance in our supply chain is addressed on pages 96 and 105 of the Our Supply Chain section of AR 2019. When non-compliances are identified, factories must commit to remediating the issue through a corrective action plan.

KPI A1.1: The types of emissions and respective emissions data.

As Li & Fung's operations comprise offices and distribution centers that primarily consume purchased electricity, this KPI is not material. Vehicle fleets operated by our Logistics business undergo testing to ensure compliance with relevant, local regulations.

KPI A1.2: Greenhouse gas emissions in total (in tonnes) and where appropriate, intensity (e.g. per unit of production volume, per facility).

[AR – Our Footprint, pages 117-119](#)

[Greenhouse gas emissions 2019](#)

¹ http://www.hkex.com.hk/-/media/hkex-market/listing/rules-and-guidance/listing-rules-contingency/main-board-listing-rules/appendices/appendix_27.

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A. Environmental Disclosures and KPIs

Aspects, General Disclosures and KPIs

A. Environmental – “comply or explain”

KPI A1.3: Total hazardous waste produced (in tonnes) and where appropriate, intensity (e.g. per unit of production volume, per facility).

KPI A1.4: Total non-hazardous waste produced (in tonnes) and where appropriate, intensity (e.g. per unit of production volume, per facility).

KPI A1.5: Description of measures to mitigate emissions and results achieved.

KPI A1.6: Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.

Aspect A2: Use of Resources

General disclosure information on:

Policies on the efficient use of resources, including energy, water and other raw materials.

Reference in Li & Fung's 2019 Annual Report (AR) / Website

[AR – Our Footprint, pages 120-121](#)
[Environmental performance at a glance 2019](#)

[AR – Our Footprint, pages 120-121](#)
[Environmental performance at a glance 2019](#)

[AR – Our Footprint, pages 117-118](#)
[Environmental performance at a glance 2019](#)
[Greenhouse gas emissions and energy consumption 2019](#)
[Footprint reduction initiatives](#)

Website –

<https://www.lifung.com/our-strategy/our-sustainability-strategy/>
<https://www.lifung.com/our-strategy/our-sustainability-strategy/managing-our-footprint/>

[AR – Our Footprint, pages 120-121](#)
[Environmental performance at a glance 2019](#)
[Footprint reduction initiatives](#)

Website –

<https://www.lifung.com/our-strategy/our-sustainability-strategy/>
<https://www.lifung.com/our-strategy/our-sustainability-strategy/managing-our-footprint/>

Relevant policies are outlined in the Li & Fung Code of Conduct & Business Ethics (<https://www.lifung.com/wp-content/uploads/2018/03/LF-Code-of-Conduct-and-Business-Ethics.pdf>) for our own operations and in the Li & Fung Supplier Code of Conduct (https://www.lifung.com/wp-content/uploads/2019/10/LF_CodeOfConduct_2Oct2019.pdf) for our suppliers. Our approach to implementing our Codes is outlined in AR 2018, in the sections listed below and on our website.

[AR – Our Footprint, pages 112-121](#)
[AR – Our Supply Chain, pages 92-105](#)
[Footprint reduction initiatives](#)

Li & Fung's website –

<https://www.lifung.com/our-strategy/our-sustainability-strategy/managing-our-footprint/>
<https://www.lifung.com/suppliers/working-with-suppliers/>
<https://www.lifung.com/our-strategy/our-sustainability-strategy/>

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A. Environmental Disclosures and KPIs

Aspects, General Disclosures and KPIs

A. Environmental – “comply or explain”

KPI A2.1: 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).

KPI A2.2: Water consumption in total and intensity (e.g. per unit of production volume, per facility).

KPI A2.3: Description of energy use efficiency initiatives and results achieved.

KPI A2.4: Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.

KPI A2.5: Total packaging material used for finished products (in tonnes), and if applicable, with reference to per unit produced

Reference in Li & Fung's 2019 Annual Report (AR) / Website

[AR - Our Footprint, page 119](#)

[Greenhouse gas emissions 2019](#)

[Environmental performance at a glance 2019](#)

[AR – Our Footprint, page 121](#)

[Environmental performance at a glance 2019](#)

[AR – Our Footprint, pages 117-119](#)

[Environmental performance at a glance 2019](#)

[Greenhouse gas emissions and energy consumption 2019](#)

[AR – Footprint reduction initiatives](#)

Li & Fung consumes water from municipal sources across our global network.

[AR – Our Footprint, pages 119-120](#)

[Environmental performance at a glance 2019](#)

[Footprint reduction initiatives](#)

As Li & Fung's operations comprise offices and distribution centers that do not produce finished products, this KPI is not directly material. Li & Fung sources packaging with environmental attributes and reduced environmental impact for our customers. Data on the total packaging material consumed in 2019 by the close to 7,000 of our active suppliers, and in our distribution centers, is not available.

[AR – Our Supply Chain, page 104](#)

[AR – Our Footprint, pages 130-131](#)

[Sustainable sourcing](#)

[Footprint reduction initiatives](#)

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A. Environmental Disclosures and KPIs

Aspects, General Disclosures and KPIs

A. Environmental – “comply or explain”

Aspect A3: The Environment and Natural Resources

General disclosure information on:

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

KPI A3.1: Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.

Reference in Li & Fung's 2019 Annual Report (AR) / Website

Relevant policies are outlined in the Li & Fung Code of Conduct & Business Ethics (<https://www.lifung.com/wp-content/uploads/2018/03/LF-Code-of-Conduct-and-Business-Ethics.pdf>) for our own operations and in the Li & Fung Supplier Code of Conduct (https://www.lifung.com/wp-content/uploads/2019/10/LF_CodeOfConduct_2Oct2019.pdf) for our suppliers. Our approach to implementing our Codes is outlined in AR 2018, in the sections listed below and on our website.

[AR – Our Footprint, pages 112-121](#)

[AR – Our Supply Chain, pages 92-105](#)

[Footprint reduction initiatives](#)

Website –

<https://www.lifung.com/our-strategy/our-sustainability-strategy/>

<https://www.lifung.com/our-strategy/our-sustainability-strategy/managing-our-footprint/>

<https://www.lifung.com/suppliers/working-with-suppliers/>

Relevant policies for managing our environmental impact are outlined in the Li & Fung Code of Conduct & Business Ethics (<https://www.lifung.com/wp-content/uploads/2018/03/LF-Code-of-Conduct-and-Business-Ethics.pdf>) for our own operations and in the Li & Fung Supplier Code of Conduct (https://www.lifung.com/wp-content/uploads/2019/10/LF_CodeOfConduct_2Oct2019.pdf) for our suppliers. Our approach to managing our impact and our performance is outlined in AR 2019, in the sections listed below and on our website.

[AR – Our Footprint, pages 112-121](#)

[AR – Our Supply Chain, pages 92-105](#)

[Environmental performance at a glance 2019](#)

[Greenhouse gas emissions and energy consumption 2019](#)

[Footprint reduction initiatives](#)

[Sustainable sourcing](#)

Website –

<https://www.lifung.com/our-strategy/our-sustainability-strategy/>

<https://www.lifung.com/our-strategy/our-sustainability-strategy/managing-our-footprint/>

<https://www.lifung.com/suppliers/working-with-suppliers/>

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HKEX's Environmental, Social and Governance (ESG)
Reporting Requirements and Recommended Disclosures

B. Social Disclosures and KPIs

Aspects, General Disclosures and KPIs

B. Social - Employment and Labour Standards

Aspect B1: Employment
General disclosure information on:
Policies and Compliance relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.

"Comply or explain"

Recommended Disclosures

KPI B1.1: Total workforce by gender, employment type, age group and geographical region

KPI B1.2: Employee turnover rate by gender, age group and geographical region.

Reference in Li & Fung's 2019 Annual Report (AR) / Website

Relevant policies are outlined in the Li & Fung Code of Conduct & Business Ethics (<https://www.lifung.com/wp-content/uploads/2018/03/LF-Code-of-Conduct-and-Business-Ethics.pdf>) for our own operations and in the Li & Fung Supplier Code of Conduct (https://www.lifung.com/wp-content/uploads/2019/10/LF_CodeOfConduct_2Oct2019.pdf) for our suppliers. Our approach to implementing our Codes is outlined in AR 2018, in the sections listed below and on our website.

[AR - Our People, pages 85-87](#)

[AR -Our Supply Chain, pages 92-103](#)

Website –

<https://www.lifung.com/our-strategy/our-sustainability-strategy/>

<https://www.lifung.com/our-strategy/our-sustainability-strategy/engaging-our-people/>

<https://www.lifung.com/about-lf/our-purpose/our-culture/>

<https://www.lifung.com/suppliers/working-with-suppliers/>

As Li & Fung has over 230 offices and 270 distribution centers in over 40 markets globally with a network of over 15,000 suppliers, there are multiple international, national and local laws and regulations related to human and labor rights, including employment practices, terms and benefits, non-discrimination, harassment and occupational health and safety that could have a significant impact on our operations and those of our suppliers. For our direct operations, Li & Fung is not aware of any material non-compliance with relevant laws and regulations during the reporting year.

How we manage risk and compliance in our supply chain is addressed on pages 92 to 105 of the Our Supply Chain section of AR 2019. When non-compliances are identified, factories must commit to remediating the issue through a corrective action plan.

[AR – Our People, page 82](#)

[Workforce Metrics](#)

[AR – Summary of the Year, page 6](#)

[AR – Our People, page 88](#)

[Workforce Metrics](#)

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B. Social Disclosures and KPIs

Aspects, General Disclosures and KPIs	Reference in Li & Fung's 2019 Annual Report (AR) / Website
B. Social - Employment and Labour Standards	
<p><i>"Comply or explain"</i></p> <p>Aspect B2: Health and Safety General disclosure information on: Policies and Compliance relating to providing a safe working environment and protecting employees from occupational hazards.</p>	<p>Relevant policies are outlined in the Li & Fung Code of Conduct & Business Ethics (https://www.lifung.com/wp-content/uploads/2018/03/LF-Code-of-Conduct-and-Business-Ethics.pdf) for our own operations and in the Li & Fung Supplier Code of Conduct (https://www.lifung.com/wp-content/uploads/2019/10/LF_CodeOfConduct_2Oct2019.pdf) for our suppliers. Our approach to implementing our Codes is outlined in AR 2018, in the sections listed below and on our website. In addition, our distribution centers (DCs) have formalized occupational, health and safety (OHS) policies with four OHSAS 18001 OHS Management System Standard certifications covering eight DCs.</p> <p>AR – Our People, pages 86-87</p> <p>AR – Our Supply Chain, pages 92-105</p> <p>Website – https://www.lifung.com/suppliers/working-with-suppliers/</p> <p>As Li & Fung has over 230 offices and 270 distribution centers globally with a network of over 10,000 suppliers, there are multiple international, national and local laws and regulations related to occupational health and safety that could have a significant impact on our operations and those of our suppliers. For our direct operations, Li & Fung is not aware of any material non-compliance with relevant laws and regulations during the reporting year.</p> <p>How we manage risk and compliance in our supply chain is addressed on pages 92 to 105 of the Our Supply Chain section of AR 2019. When non-compliances are identified, factories must commit to remediating the issue through a corrective action plan.</p>
<p>Recommended Disclosures</p> <p>KPI B2.1: Number and rate of work-related fatalities.</p>	<p>AR – Our People, page 87</p>
<p>KPI B2.2: Lost days due to work injury.</p>	<p>Data not available for global operations.</p> <p>AR – Our People, page 87</p>
<p>KPI B2.3: Description of occupational health and safety measures adopted, how they are implemented and monitored.</p>	<p>AR – Our People, page 87</p>

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HKEX's Environmental, Social and Governance (ESG) Reporting Requirements and Recommended Disclosures

B. Social Disclosures and KPIs

Aspects, General Disclosures and KPIs

B. Social - Employment and Labour Standards

"Comply or explain"

Aspect B3: Development and Training

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

Recommended Disclosures

KPI B3.1: The percentage of employees trained by gender and employee category (e.g. senior management, middle management).

KPI B3.2: The average training hours completed per employee by gender and employee category.

B. Social - Operating Practices

"Comply or explain"

Aspect B4: Labour Standards

General disclosure information on: Policies and Compliance relating to preventing child and forced labour.

Reference in Li & Fung's 2019 Annual Report (AR) / Website

Relevant policies are outlined in the Li & Fung Code of Conduct & Business Ethics (<https://www.lifung.com/wp-content/uploads/2018/03/LF-Code-of-Conduct-and-Business-Ethics.pdf>) for our own operations.

[AR – Our People, pages 88-91](#)

Website –

<https://www.lifung.com/our-strategy/our-sustainability-strategy/>

<https://www.lifung.com/our-strategy/our-sustainability-strategy/engaging-our-people/>

<https://www.lifung.com/about-lf/our-purpose/our-culture/>

[AR – Our People, page 90](#)

[Workforce Metrics](#)

[AR – Our People, page 90](#)

[Workforce Metrics](#)

Relevant policies are outlined in the Li & Fung Code of Conduct & Business Ethics (<https://www.lifung.com/wp-content/uploads/2018/03/LF-Code-of-Conduct-and-Business-Ethics.pdf>) for our own operations and in the Li & Fung Supplier Code of Conduct (https://www.lifung.com/wp-content/uploads/2019/10/LF_CodeOfConduct_20Oct2019.pdf) for our suppliers. The principles enshrined in the Codes are grounded in the United Nations Universal Declaration of Human Rights and International Labour Organization (ILO)'s 1998 Declaration on Fundamental Principles and Rights at Work, as well as local law. We continue to update our Code in line with emerging requirements, including strengthened standards on modern slavery in accordance with the UK and Australia Modern Slavery Acts and the California Transparency in Supply Chains Act.

Our approach to implementing our Codes, including how we address child and forced labor, is outlined in Our Disclosure Statement on Modern Slavery (<https://www.lifung.com/wp-content/uploads/2019/08/LF-Modern-Slavery-Statement-2019-FINAL.pdf>) and detail on our activities in 2018 to work towards the eradication of modern slavery and child labor, in the sections listed below of AR 2018 and on our website.

[AR – Our Commitment to Good Governance, page 48](#)

[AR – Our Approach to Risk Management, pages 57-58](#)

[AR – Sustainability @ Li & Fung, page 78](#)

[AR – Our People, page 86](#)

[AR – Our Supply Chain, pages 93-104](#)

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B. Social Disclosures and KPIs

Aspects, General Disclosures and KPIs

B. Social - Operating Practices

Continued

Recommended Disclosures KPI B4.1: Description of measures to review employment practices to avoid child and forced labour.

KPI B4.2: Description of steps taken to eliminate such practices when discovered.

Reference in Li & Fung's 2019 Annual Report (AR) / Website

Website –

<https://www.lifung.com/our-strategy/our-sustainability-strategy/supply-chain-sustainability/> and <https://www.lifung.com/suppliers/working-with-suppliers/>

As Li & Fung has over 230 offices and 270 distribution centers globally with a network of over 10,000 suppliers, there are multiple international declarations and conventions, as well as national and local laws and regulations, related to child and forced labor that could have a significant impact on our operations and those of our suppliers. For our direct operations, Li & Fung is not aware of any material non-compliance with our Code of Conduct and relevant laws and regulations during the reporting year.

How we manage risk and compliance in our supply chain is addressed on pages 93 to 105 of the Our Supply Chain section of AR 2019. When non-compliances are identified, factories must commit to remediating the issue through a corrective action plan.

[AR – Our Commitment to Good Governance, page 48](#)

[AR – Our Approach to Risk Management, pages 57-58](#)

[AR – Our People, page 86](#)

[AR – Our Supply Chain, pages 97-99 and 100-103](#)

Website –

<https://www.lifung.com/suppliers/working-with-suppliers/>

Code of Conduct and Business Ethics -

<https://www.lifung.com/wp-content/uploads/2018/03/LF-Code-of-Conduct-and-Business-Ethics.pdf>

Supplier Code of Conduct -

<https://www.lifung.com/suppliers/li-fung-supplier-code-of-conduct/>

Disclosure Statement on Modern Slavery -

<https://www.lifung.com/wp-content/uploads/2018/03/Disclosure-statement-on-modern-slavery.pdf>

[AR – Our Commitment to Good Governance, page 48](#)

[AR – Our Approach to Risk Management, pages 57-58](#)

[AR – Our Supply Chain, pages 97-99 and 100-103](#)

Website -

<https://www.lifung.com/suppliers/working-with-suppliers/>

Code of Conduct and Business Ethics -

<https://www.lifung.com/wp-content/uploads/2018/03/LF-Code-of-Conduct-and-Business-Ethics.pdf>

Supplier Code of Conduct -

https://www.lifung.com/wp-content/uploads/2019/10/LF_CodeOfConduct_20Oct2019.pdf

Disclosure Statement on Modern Slavery -

<https://www.lifung.com/wp-content/uploads/2019/08/LF-Modern-Slavery-Statement-2019-FINAL.pdf>

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B. Social Disclosures and KPIs

Aspects, General Disclosures and KPIs	Reference in Li & Fung's 2019 Annual Report (AR) / Website
<p>B. Social - Operating Practices</p> <p><i>"Comply or explain"</i></p> <p>Aspect B5: Supply Chain Management</p> <p>General disclosure information on: Policies on managing environmental and social risks of the supply chain.</p>	<p>Relevant policies for managing environmental and social risk in the supply chain are outlined in the Li & Fung Code of Conduct & Business Ethics (https://www.lifung.com/wp-content/uploads/2018/03/LF-Code-of-Conduct-and-Business-Ethics.pdf) and the Li & Fung Supplier Code of Conduct (https://www.lifung.com/wp-content/uploads/2019/10/LF_CodeOfConduct_2Oct2019.pdf) for our suppliers.</p> <p>Our approach to implementing our Codes is outlined in the sections listed below of AR 2018 and on our website.</p> <p>AR – Our Commitment to Good Governance, page 48</p> <p>AR – Our Approach to Risk Management, pages 57-58</p> <p>AR – Our Footprint, page 117</p> <p>AR – Our Supply Chain, pages 92-105</p> <p>Website - https://www.lifung.com/suppliers/working-with-suppliers/</p>
<p>Recommended Disclosures</p> <p>KPI B5.1: Number of suppliers by geographical region.</p>	<p>AR – Summary of the Year, pages 6-7</p> <p>AR – Our Footprint, page 117</p> <p>AR – Our Supply Chain, page 94</p> <p>Website - https://www.lifung.com/suppliers/overview/</p>
<p>KPI B5.2: Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.</p>	<p>AR – Our Footprint, page 117</p> <p>AR – Our Supply Chain, pages 92-105</p> <p>Website - https://www.lifung.com/suppliers/overview/</p>

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B. Social Disclosures and KPIs

Aspects, General Disclosures and KPIs

B. Social - Operating Practices

"Comply or
explain"

Aspect B6: Product Responsibility

General disclosure information on:
Policies and Compliance relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.

Reference in Li & Fung's 2019 Annual Report (AR) / Website

Li & Fung adopts a "business to business (B2B)" model. Under our Product and Services business segments, our sourcing business operates as a trading supplier of finished goods to our customers and our logistics business provides Asia-focused, in-country logistics solutions and global freight management services for our customers.

Li & Fung takes a proactive approach to ensuring compliance with relevant health and safety, advertising, labelling and privacy requirements relating to products sourced for our customers. Specifically, we work closely with industry partners and stakeholders including American Apparel and Footwear Association, the Consumer Product Safety Commission (CPSC) and Global Apparel, Footwear and Textile Initiative (GAFTI) to meet their standards and other regulatory requirements across the industry.

Relevant policies for product quality and safety are outlined in the Li & Fung Code of Conduct & Business Ethics (<https://www.lifung.com/wp-content/uploads/2018/03/LF-Code-of-Conduct-and-Business-Ethics.pdf>). Our Sourcing, Legal, Corporate Sustainability and Compliance and Quality Control units are (1) responsible for ensuring compliance with contract requirements in customer agreements, including legal and customer-specific requirements and standards, and in contracts with suppliers to produce the goods, and (2) conduct assessments, audits and testing as required to ensure quality control and the achievement of all safety and quality criteria. Li & Fung supports its customers to meet relevant legal requirements related to product health and safety, advertising, labelling and privacy, to follow up on any matters of redress and to respond to any product recalls.

Our approach to implementing our Code is outlined in the sections listed below of AR 2018 and on our website.

[AR – Sustainability @ Li & Fung, page 78](#)

[AR – Our Supply Chain, page 104](#)

[Sustainable sourcing](#)

Website -

<https://www.lifung.com/suppliers/working-with-suppliers/>

As Li & Fung sources products for our customers in over 50 production countries globally with a network of over 10,000 suppliers, there are multiple international declarations and conventions, as well as national and local laws and regulations, related to product responsibility that could have a significant impact on our operations and those of our suppliers. For our direct operations, Li & Fung is not aware of any material non-compliance with our Code of Conduct and relevant laws and regulations during the reporting year.

How we manage risk and compliance in our supply chain is addressed on pages 92 to 105 of the Our Supply Chain section of AR 2019. When non-compliances are identified, factories must commit to remediating the issue through a corrective action plan.

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B. Social Disclosures and KPIs

Aspects, General Disclosures and KPIs

B. Social - Operating Practices

<i>Recommended Disclosures</i>	KPI	Description
	KPI B6.1:	Percentage of total products sold or shipped subject to recalls for safety and health reasons.
	KPI B6.2:	Number of products and service related complaints received and how they are dealt with.
	KPI B6.3:	Description of practices relating to observing and protecting intellectual property rights.
	KPI B6.4:	Description of quality assurance process and recall procedures
	KPI B6.5:	Description of consumer data protection and privacy policies, how they are implemented and monitored.

"Comply or explain"

Aspect B7: Anti-corruption

General disclosure information on: Policies and Compliance relating to bribery, extortion, fraud and money laundering.

Reference in Li & Fung's 2019 Annual Report (AR) / Website

Li & Fung works with customers and suppliers to ensure compliance with relevant health and safety, advertising, labelling and privacy requirements relating to products sourced for our customers, to follow up on any matters of redress and respond to any product recalls.

Relevant policies are outlined in the Li & Fung Code of Conduct & Business Ethics (<https://www.lifung.com/wp-content/uploads/2018/03/LF-Code-of-Conduct-and-Business-Ethics.pdf>) for our own operations and in the Li & Fung Supplier Code of Conduct (https://www.lifung.com/wp-content/uploads/2019/10/LF_CodeOfConduct_2Oct2019.pdf) for our suppliers. In addition, Li & Fung's Anti-Bribery Policy, Guidelines on Gifts, Entertainment and Hospitality, and Guidelines on Whistleblowing/Policy on Reporting on Concerns are available on the Company's internal communications platform, One Family.

Our approach to implementing our Codes and meeting the above-noted policies is outlined in AR 2018, in the sections listed below and on our website.

[AR – Sustainability @ Li & Fung, page 78](#)

[AR – Our Commitment to Good Governance, pages 47-48](#)

[AR – Our Approach to Risk Management, pages 57-58](#)

[AR – Our People, pages 86-87](#)

[AR – Our Footprint, page 117](#)

[AR – Our Supply Chain, pages 96-99](#)

Website –

<https://www.lifung.com/about-lf/our-governance/>

<https://www.lifung.com/our-strategy/our-sustainability-strategy/supply-chain-sustainability/>

<https://www.lifung.com/suppliers/working-with-suppliers/>

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B. Social Disclosures and KPIs

Aspects, General Disclosures and KPIs

B. Social - Operating Practices

Continued

Recommended Disclosures KPI B7.1: 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.

KPI B7.2: Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.

B. Social - Community

"Comply or explain"

Aspect B8: Community Investment

General disclosure information on: 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.

Recommended Disclosures KPI B8.1: Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport)

KPI B8.2: Resources contributed (e.g. money or time) to the focus area.

Reference in Li & Fung's 2019 Annual Report (AR) / Website

As Li & Fung has over 230 offices and 270 distribution centers in over 50 production countries globally with a network of over 10,000 suppliers, there are multiple international, national and local laws and regulations related to anti-corruption that could have a significant impact on our operations and those of our suppliers. For our direct operations, Li & Fung is not aware of any material non-compliance with the above-noted Codes, policies and relevant laws and regulations during the reporting year.

How we manage risk and compliance in our supply chain is addressed on pages 92 to 105 of the Our Supply Chain section of AR 2019. When non-compliances are identified, factories must commit to remediating the issue through a corrective action plan.

[AR – Our Commitment to Good Governance, page 47](#)

[AR – Our Approach to Risk Management, pages 57-58](#)

[AR – Our People, page 86](#)

[AR – Our Commitment to Good Governance, page 47](#)

[AR – Our Approach to Risk Management, pages 57-58](#)

[AR – Our People, pages 86-87](#)

[AR – Our Communities, pages 106-111](#)

Website –

<https://www.lifung.com/our-strategy/our-sustainability-strategy/>

<https://www.lifung.com/our-strategy/our-sustainability-strategy/engaging-our-communities/>

Li & Fung Foundation's website -

<https://www.lifungfoundation.org/>

[AR – Our Communities, pages 106-111](#)

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<https://www.lifung.com/our-strategy/our-sustainability-strategy/engaging-our-communities/>

Li & Fung Foundation's website -

<https://www.lifungfoundation.org/>

[AR – Summary of the Year, page 7](#)

[AR – Our Communities, pages 108-109](#)

Li & Fung Foundation's website -

<https://www.lifungfoundation.org/>