



Our footprint

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

Our Cambodian colleagues partnered with two of our suppliers to plant over 200 trees, helping to restore a precious mangrove ecosystem near Phnom Penh, Cambodia



Our footprint

We take action to reduce the environmental impact of our operations. 2015 marks the sixth year of implementing our holistic Sustainability Strategy. Our strategy plays an important part in raising our colleagues' awareness and enabling the company to make significant progress.

We are committed to managing our environmental footprint responsibly and we leverage our resources and engage our people to make a difference along our value chain. As part of our Sustainability Strategy, we focus our actions on:

- Raising the environmental awareness of our people and supporting them to take action
- Designing sustainable workplaces
- Managing our resources responsibly

Since conducting an Investment Grade Audit of our Hong Kong headquarters in 2010, we have been implementing best practices throughout our global offices, distribution centers (DCs) and manufacturing facilities. We adopt measures to enhance the sustainability of our workplaces and to reduce consumption and waste, enhance recycling and expand our procurement of items with sustainable attributes. We invest in energy-efficient building systems, equipment and lighting, water-efficient equipment and fixtures and fuel-efficient transport. We conduct assessments as part of all capital expenditure upgrades to adopt sustainable options. Systems to measure, track and manage our environmental performance are implemented across our operations with eight facilities certified to the ISO 14001 environmental management system (EMS) or other environmental management standard¹.

Our commitment to the environment is exemplified by our manufacturing facility in Trowbridge being recognized as a Marks & Spencer ECO Factory since 2011 and our facility in Bangkok that continues to enhance its comprehensive sustainability program. As a result of its environmental achievements, the facility has been awarded a number of awards and certificates from the Thai government, including the Good Environmental Governance Award and the Green Industry Certificate by the Ministry of Industry for the fourth consecutive year. In 2015, the facility was again awarded Level 4 out of 5 for the Green Industry Certificate, and it is worth noting that no company is yet to achieve Level 5 out of 5.

In 2015, we are pleased to report that we reduced our greenhouse gas (GHG) emissions and our electricity and water consumption against our 2014 baseline in both absolute quantities and intensities.

¹ Our manufacturing facilities in Bangkok, Jakarta and Kuala Lumpur, and three of our DCs in China and one in Thailand, are certified to the ISO 14001 EMS standard.

Environmental Awareness

We inspire and support our people to be mindful of how they can reduce environmental impact in their daily lives and we support them by taking action to reduce consumption and waste, and by expanding our procurement of items with sustainable attributes.

To support employee awareness and engagement, colleagues are involved in a variety of activities including efforts to conserve resources in our operations, plant trees, clean parks, river banks, beaches and coastlines, and protect coastal marine species.

To enable our 25,000-plus people around the world to share their best practices on environmental protection, we revamped our internal communications platform, One Family, and expanded its interactive features. Not only do we feature stories on environmental initiatives, our colleagues can generate and share content through a live feed, by commenting on articles, writing and following blogs, sharing videos, or creating and participating in communities around topics that interest them.

Reducing environmental impact, for the benefit of our colleagues, our business and our communities around the world, is a priority.





Sustainable Design

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

As of 2015, we have a total of 13 LEED²/BREEAM³ certifications, including two platinum, five gold and five silver LEED certifications, and in addition, a Silver Class Green Building certification for our Rui Fang distribution center in Taiwan.

Our new beauty research and development facility in Thailand was certified to LEED Platinum in 2015. The facility is projected to save over 68,165 kWh or the equivalent of 47 metric tons of carbon dioxide (CO₂) per year through the adoption of environmentally-responsible features, including:

- Solar photovoltaic system to generate 48,214 kWh of electricity per year, representing 40% of the building's designed annual electrical power requirements, which is equal to a cost saving of over US\$5,000 per year
- Automation system that maintains optimum performance and efficiency levels for lighting, air conditioning and ventilation. The system uses high-efficiency, air-cooled water chilling equipment to provide 30% more fresh air than the minimum required standard, which maintains a healthy and productive environment for our people
- Sensor system that constantly monitors CO₂ levels in office and laboratory areas to ensure safe levels are maintained
- LED lamps consuming 34% less energy than CFL and T5 lighting
- Paints and coatings with zero or minimal VOC (volatile organic compound) content. Highly-reflective paints and glazing, which cover over 90% of the wall and window areas and block 30% more solar heat radiance than ordinary glazing materials, save energy required for air conditioning and provide abundant daylight conditions in working areas

² Leadership in Energy and Environmental Design (LEED).


³ Building Research Establishment Environmental Assessment Method (BREEAM).

- Construction materials and furnishings were manufactured from post- and pre-consumer recycled materials, which brought savings of 20% to 80% over other materials
- Water-saving fixtures installed for all sinks, lavatories and showers, and rainwater is captured to irrigate landscaped areas
- Bicycle storage, shower facilities and preferred parking for vehicles that either adopt cleaner fuels or are used for car/van pooling are provided to encourage more environmentally-responsible forms of transportation

Resource Management

Our Reporting Scope

2015 marks the second year of our current Three-Year Plan and of integrating environmental data from our logistics and manufacturing facilities into our performance baseline⁴ for our Trading and Logistics Networks, and for Li & Fung as a whole. Our reporting scope covers over 150 offices, six manufacturing facilities⁵ and over 250 DCs.

 Visit our website for details on our performance in 2015 and against our 2014 baseline. You can also read about best practices we implement to reduce the environmental footprint of our offices and facilities.

Responsible Procurement

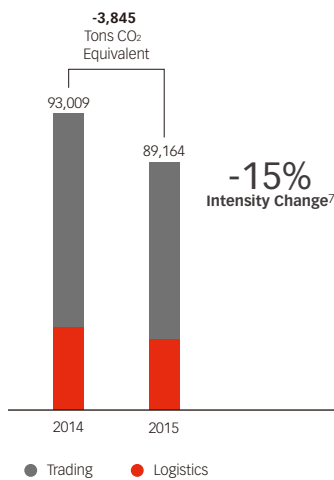
2015 saw the formalization of a global procurement function to leverage the scale of our network and lead the development and implementation of procurement best practices.

The initial sustainability focus of the team has been to reinforce our Supplier Code of Conduct with suppliers to our own operations. We assess our business suppliers against the Code, and include its requirements in our RFP (request for proposal) and selection process. The requirements are then formalized in our contracts with vendors. (Please refer to the “Our supply chain” section of this Report to learn about our approach to managing our supply chains).

⁴ Over the years, we have reported year-on-year comparisons of environmental metrics for our Trading Network against our initial 2010 baseline. As reported in our Annual Report 2014, following the July 2014 spin-off of some of the business entities in Li & Fung Trading and Distribution Networks to Global Brands, we established 2014 as the new baseline for our environmental reporting. This baseline does not include the six months of environmental data that was attributable to these entities prior to their spin-off to Global Brands. Consumption attributable to Li & Fung with Global Brands for January to June 2014 is disclosed on page 95 of Annual Report 2014.

⁵ Our facilities that manufacture beauty and personal care products are located in Bangkok, Dongguan, Jakarta, Kuala Lumpur, Tonawanda and Trowbridge.

GHG Emissions



To renew our effort to reduce paper consumption, action was undertaken in 2015 to:

- Assess printer and photocopier suppliers based on their ability to recycle devices and used toner cartridges
- Share detailed paper consumption data to raise awareness and encourage our people to reduce the quantity of paper they consume for printing and copying
- Implement a plan to reduce the number of people per printer from the current ratio of seven per printer to at least 15 per printer

Improving Energy Efficiency and Reducing Emissions

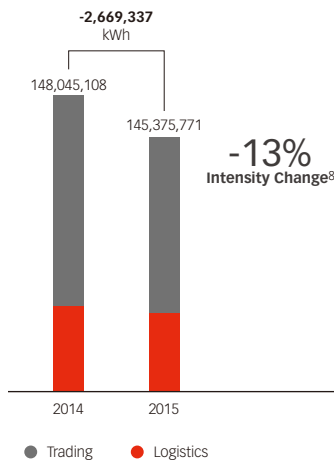
Climate change is impacting our world and the resilience of ecosystems. Changes in temperature and weather are affecting species and biodiversity, natural and built environments, food production, resource availability and transportation, among other impacts. The physical and financial impact of this is affecting the sourcing and delivery of goods and services in our industry. We consider these risks in the procurement and consumption of resources, in material sourcing and product manufacturing and in the transportation of products to our customers.

We are committed to responsibly managing our footprint within our operations. Our consumption of energy and the composition of our GHG and air emissions globally are characterized by our trading business having over 150 offices and six manufacturing facilities, and our logistics business having vehicle fleets and over 250 DCs. For all of our facilities, systems are in place to monitor consumption and emissions. All facilities met the relevant regulatory requirements in 2015.

We calculate our GHG emissions according to international standards as well as appropriate national and local guidelines⁶ and emission factors. Scope 1 comprises emissions from the consumption of fuel by company-owned vehicles and boilers and of refrigerants by chillers. Scope 2 emissions arise from purchased electricity and natural gas for heating and cooling.

In 2015 and against our 2014 results, both our overall electricity consumption and GHG emissions reduced, in absolute quantities and intensities, against our 2014 baseline. These reductions are attributable to our ongoing investment in efficient equipment, technologies, systems and vehicular fleets, consolidation of our offices and to the commitment of our people to make behavioral changes to conserve energy.

Electricity Consumption



⁶ Standards and guidelines adopted include the International Energy Agency's CO₂ Emission from Fuel Combustion, The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard, the Defra Voluntary Reporting Guidelines and the Hong Kong Government's Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings.

⁷ Tons CO₂ Equivalent/m²

⁸ kWh/m²

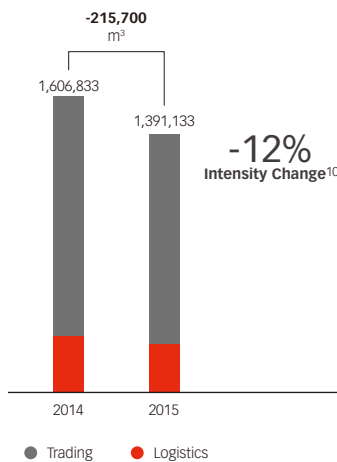
Examples of initiatives to reduce electricity and GHG emissions in 2015 included:

- Overall and progressive retrofitting of existing lighting with LED throughout our operations with, for example and as at the end of 2015, our Jakarta facility being 70% along its complete conversion to LED lighting
- Consolidating equipment and installing energy-efficient blade servers and virtual machines in our server rooms, as well as conserving energy by improving airflow and enclosing areas that have high-intensity cooling requirements
- Upgrading heating and cooling systems to improve efficiency and adopt cleaner energy sources, ranging from solar thermal and photovoltaics at our Bangkok facility to converting the boiler at our Jakarta facility to natural gas⁹
- Installing a hot box to warm ingredients used in the manufacturing of personal care products at our Tonawanda facility to make the process both more energy efficient and safer than with electric-powered heating bands or steam collars
- Introducing an electric delivery van to Logistics' vehicle fleet in Hong Kong with plans to expand the fleet
- Operating forklift vehicles that have rechargeable electric batteries, and safely reusing fit-for-purpose parts from retired forklifts for vehicles in operation
- Using handheld monitoring devices with rechargeable batteries that are linked to centralized databases to monitor inventory and thereby reduce paper consumption and enhance the efficiency of warehouse operations

⁹ Five of our six manufacturing facilities operate boilers, four of them consuming natural gas and the other liquid petroleum gas (LPG).



Water Consumption



In 2015 we introduced new tools to reduce overall travel and its contribution to greenhouse gas generation. In addition to our video conferencing facilities, IP phones have video functionality, VidyoDesktop is used for online video calls and colleagues use Webex to enhance sharing during conference and video calls.

In 2015, we exceeded the 10% intensity reduction targets we set to achieve by the end of 2016 for both our GHG emissions and electricity usage and we aim to maintain this positive trend throughout 2016. We continue to evaluate and implement new opportunities to conserve energy, adopt cleaner energy sources and are committed to reduce GHG emissions and our contribution to global climate change.

📄 Visit our website for details on our 2015 electricity consumption and GHG emission metrics, and the composition of our Scope 1 and 2 GHG emissions.

Efficiently Using Resources and Reducing Waste

We are committed to using resources wisely and efficiently and reducing waste generation.

We have been progressively implementing water-efficiency measures throughout our operations, including the installation of water-efficient faucets, fixtures and fittings in our offices and equipment in our facilities, capturing rainwater for landscape irrigation to reduce water consumption and encouraging behavioral change in our people.

Against our 2014 baseline, overall we achieved absolute and intensity reductions in water consumption in 2015. This reduction is attributed to our ongoing investment in efficient equipment, technologies, systems, the consolidation of our offices, a reduced headcount for the Company and the commitment of our people to make behavioral changes to conserve water. Additionally, our manufacturing facilities have systems in place to reduce water consumption and the water system in our Jakarta facility was upgraded in 2015. Our facilities also undertake measures to reduce waste generation in the production process, to treat and monitor wastewater discharges and to handle, store and dispose of chemical and solid materials and waste. In 2015, all facilities met the relevant regulatory requirements.

¹⁰ m³/Headcount

Our offices use paper that is certified by a Forest Stewardship Council™ (FSC™) accredited certification body to be FSC Mix Paper from responsible sources. We also provide products that comprise materials, including wood, paper, cardboard and/or packaging that are verified to be from FSC¹¹ or PEFC¹² certified sources. In 2015 and over our 2014 baseline, our overall paper consumption increased by less than 2%. The increase is partly attributable to the inclusion of paper consumed as part of a comprehensive service agreement for multi-function machines in Hong Kong in the data for 2014 and 2015. Previously paper consumption data had comprised the quantity of A4-equivalent paper purchased directly for use in printer and copier machines globally. While this impacts the achievement of our 2016 paper intensity reduction target, we aim to reduce consumption through a renewed initiative to expand the internal tracking and reporting of paper consumption and to consolidate the number of machines used, as stated on page 106.



Each of our offices and facilities seek to minimize waste generation and maximize reuse and recycling in their local markets by collecting used paper, printer/copier toners, packaging, aluminum cans, plastic bottles and other materials that can be recycled locally. In Hong Kong, recyclables are collected by a local company and a social enterprise, we maintain six 'Class of Excellence' certifications under the Hong Kong government's Wastewi\$e scheme for offices, and in 2015 our DC was awarded both the Gold Award and the Cleanliness Award from the Yan Oi Tong EcoPark Plastic Resource Recycling Center.

At our manufacturing facilities, various measures are used to better manage materials and minimize waste generation, ranging from flexible processing lines that adapt for multiple product runs to lean manufacturing projects to reduce consumption and waste, to the proper handling, storage and disposal of materials and chemicals to meet legal and REACH¹³ requirements. Furthermore, our manufacturing and logistics facilities reuse and recycle pallets made from plastic and wood-based materials, recycle waste materials and minimize packaging for the internal storage and delivery of finished goods.

We will continue to review our performance, implement measures and support our people to use resources efficiently and responsibly and to reduce waste generation¹⁴. We have exceeded and expect to maintain our water intensity reduction target of 5%. We will expand our efforts to move towards our paper intensity reduction target of 10% by 2016 over our 2014 baseline.

 Visit our website for details on our 2015 water and paper consumption metrics.

¹¹ FSC license numbers FSC-C113132, FSC-C114681, FSC-C116575 and FSC-C129309.

¹² Programme for the Endorsement of Forest Certification (PEFC).

¹³ European Regulation on Registration, Evaluation, Authorisation and Restriction of Chemicals.

¹⁴ In 2014 we set a target to reduce the intensity of our generation of waste by 10%. While our waste reduction efforts are ongoing, measuring our global waste stream is a work in progress.