

Sustainability @ Li & Fung

Engaging our people, improving supply chain sustainability, responsibly managing our footprint and improving the lives of those along our supply chain and in the communities where we live and work is central to our Sustainability Strategy.



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Sustainability is integral to our business and planning process. We set aspirational targets in accordance with best practice benchmarks, act to meet those targets, and assess and report on our progress toward achieving our goals.

Our Approach

Li & Fung operates one of the world's most extensive global supply chain networks. We design, source and deliver a diverse range of products – including apparel, beauty, accessories, furniture and household products – from a network of 15,000 suppliers in 40 economies, to over 8,000 customers globally. With over 21,000 people in more than 90 offices and 200 distribution centers, we are an asset-light organization using our extensive reach, depth of experience, market knowledge and technology to enable our customers to respond quickly to evolving consumer and production trends. We are leading the effort to

digitalize our global supply chain, resulting in an end-to-end stream of synchronized supply chain data, that will allow us to improve speed, cost, working capital, inventory, sustainability and traceability for all the partners in our ecosystem.

We aim to develop and operate responsible, sustainable, agile supply chains that meet the demands of a dynamic global retail sector, while protecting and improving the lives of all those who are touched by it. Improving our environmental, social and governance (ESG) performance drives our Sustainability Strategy and we integrate sound management of ESG issues into our global operations.

Health, safety and wellbeing, climate change, resource scarcity and environmental degradation, as well as increasing demands for transparency and accountability, are drivers of change in how we do business and engage with our stakeholders. These issues pose risks and challenges that we address through our Sustainability Strategy and reporting, and our day-to-day activities. They also bring opportunities for greater supply chain transparency, improving working and environmental conditions in factories, and building sustainable communities.

Our Commitment to Disclosure

Improving our sustainability performance and enhancing our overall disclosure of information is integral to our business and to meeting evolving expectations for increased transparency. In support of the Fung Group

being a signatory to the United Nations' Global Compact (UNGC) since 2002, we have been publicly disclosing our continual progress in implementing actions to support the UNGC's 10 Principles on human and labor rights, the environment and anti-corruption. In 2016, the Fung Group expanded its reporting¹ to embrace the UN's Sustainable Development Goals of No Poverty, Good Health and Wellbeing, Gender Equality, Decent Work and Economic Growth, and Climate Action.

We are a constituent of leading global sustainability indices, including the FTSE4Good Index Series and the STOXX® Global ESG Leaders/Environmental Leaders/Social Leaders/Governance Leaders Index, and, in Hong Kong, we are a constituent member of the Hang Seng Corporate Sustainability Index Series² and recognized as a Caring Company.



- 1 Refer to the Fung Group's 2016 Communication of Progress - https://www.unglobalcompact.org/system/attachments/cop_2017/407961/original/Fung_Group_UNGC_2016_%28final%29.pdf?1501659685
- 2 Refer to our website for our Content Index that outlines how we address 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.

Our Strategy

2017 marks the eighth year of implementing our holistic Sustainability Strategy, which was introduced in 2009. The initial strategy raised our people’s awareness of sustainability issues and enabled the Company to make significant progress against qualitative and quantitative targets for each of the strategy’s initial 10 Commitments. We updated our strategic approach in 2014 and again in 2017, and align our actions under the following four pillars:

Operating our business transparently is essential to building sustainable supply chains and to reaching our goal of improving the lives of a billion people across our global network.

Richard Darling

Executive Director of LF Americas, Head of Government and Public Affairs and of Vendor Compliance and Sustainability



Supply Chain Sustainability

Managing risk and furthering compliance, and collaborating with the industry and other partners to raise sustainability performance, meets the demands of a dynamic global retail sector while safeguarding and enhancing the lives of workers and communities along the supply chain.

Engaging Our People

Our people are front and center of all that we do and are critical to our success. We engage and support them and are committed to their wellbeing and career development.

Engaging Our Communities

We are driven by our purpose to improve lives along the supply chain and in the communities where we live and work. We harness our strengths, global networks, knowledge and people to make scalable, sustainable impact by activating communities, convening our partners along the supply chain and focusing on innovative solutions for exponential impact.

Managing Our Footprint

We responsibly manage our resources and environmental footprint to reduce our impact by taking action within our operations to build sustainable workplaces and raising the awareness of our people to effect change.



The hybrid, solar thermal system at our manufacturing facility in Bangkok combines energy from solar thermal collectors with waste heat from an economizer unit, generating hot water for the boiler to use to produce steam for the production process. This results in energy, water and monetary savings, avoids liquid petroleum gas (LPG) consumption and reduces air and greenhouse gas (GHG) emissions.

As shown below, we act on three focus areas for each of our four strategic pillars.

