

Our People

Our people power our business
and we are committed to
their wellbeing and development.



Our People

Our people are our greatest asset. We attract and retain entrepreneurial talent worldwide with in-depth supply chain, logistics and professional expertise, and offer development opportunities at all levels.

Employees worldwide*
21,322

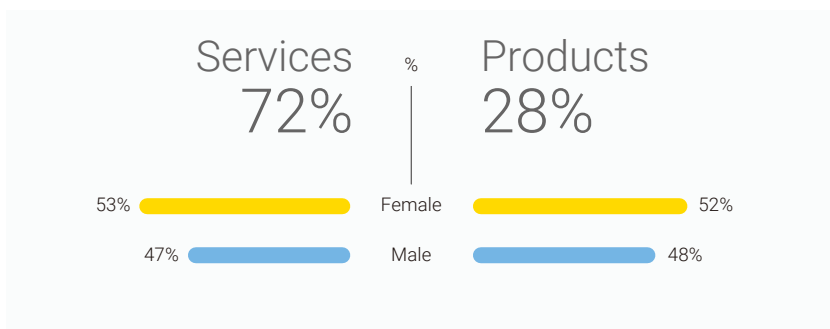
We are committed to driving a culture where our people feel valued, have a clear sense of belonging and are recognized and rewarded for their contribution.

Our purpose – to make life better for a billion people in the supply chain – is aligned with the drive and expectations of our people to serve a higher purpose. Our leaders invest time and effort to ensure that all our people feel deeply connected with our purpose and collaborate with each other, and with our customers, suppliers, industry partners and other stakeholders, to make a difference along the supply chain.

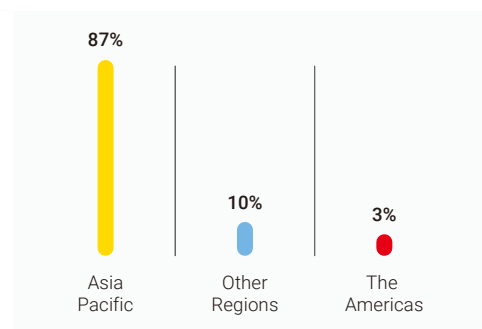
We support a high-performance culture where our people are motivated to deliver exceptional client experiences. The speed of business change is pushing performance management to be agile and flexible, requiring real-time feedback and ongoing constructive conversations on performance. We believe this focus on fueling performance in the future, rather than assessing it in the past, enables our colleagues to be productive, drive business results and reach their full potential.

Our senior management and teams around the world bring a vibrant mix of nationality, ethnicity and culture, as well as professional and life experience that enriches our Company. This diversity and breadth of cross-cultural and international work experience supports the sustainability of our business.

Employees by Business Segment and Gender*



Employees by Region*



* Including Continuing Operations and Discontinued Operations.

Gender Pay Ratio

We believe in equal pay for work of equal value and are pleased that our pay ratio is well balanced overall. Based on median annualized salaries for all professional colleagues, women earn 11% more than men overall. Among senior and middle management, women earn 11% less than men and among other employees, women earn 19% more in comparison to their male counterparts.

We see diversity as a source of strength and pride. Our 21,322 employees operate across 40 markets and represent over 50 nationalities. This diversity inspires innovation, enriching every aspect of our business. We are committed to ensuring an inclusive workplace, where diversity of gender, ethnicity, thought, generation, sexual orientation and ability are valued and leveraged to foster innovation and creativity.

Gender by Employee Group and Age

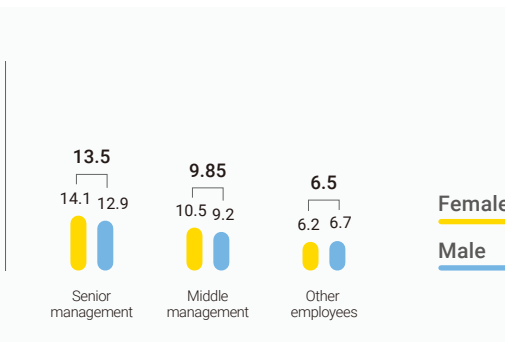
	Under 30 years of age		Between the ages of 30 and 50		Over 50 years of age	
	Female	Male	Female	Male	Female	Male
Senior management	0%	0%	43%	40%	57%	60%
Middle management	1%	1%	75%	72%	24%	27%
Other employees	23%	13%	70%	77%	7%	10%

1 99% of our full-time employees are on permanent or other contracts. For the 72% that have full-time, permanent contracts, 50% are female and 50% are male, and for the 28% on full-time, temporary or other contracts, 60% are female and 40% are male. For part-time employees on permanent contracts, 88% are female and 12% are male, and for those on other contracts, 63% are female and 36% are male.

Average Age of Employees in Years



Average Length of Service in Years



Higher median annualized salary for female colleagues

11%

Management Team by Gender¹

Female 43% Male 57%

Employees by Gender¹

Female 53% Male 47%

Age of Employees

Under 30 years of age

16%

Between the ages of 30 and 50

72%

Over 50 years of age

12%

Female
Male

Our business is built on long-term relationships within our teams and led by industry experts, who have deep product category and channel expertise across sourcing and logistics. From designers, merchandisers, quality assurance and control experts to our warehouse delivery and logistics professionals, our people are highly skilled and among the best in the world in their disciplines. They drive our growth and success.

In recognition of our focus on innovation and people development in 2017, Human Resources Online awarded us a Bronze award for Excellence in Learning & Development, and LF Logistics received a Gold award for Excellence in Social Media and Bronze awards for Excellence in Graduate Recruitment & Development, Excellence in HR Strategic Plan and Excellence in Organization Development.

Our Values

Our values form the basis of our culture, business strategies and brand. Three core values continue to unite us and guide our actions:

We are entrepreneurs

We are humble

We are family

Our core values are more than just words. They are meaningful expressions of who we are. They define our behavior with each other as colleagues, with our customers and suppliers, and with all those we interact with in our daily lives. We continue to engage our people directly through our One Family internal communications platform, and our people continue to share stories, videos, photos and blogs on what these values mean to them, and how they live and integrate them into their lives and work.

We have continued to expand our brand beyond our corporate website. Our LinkedIn channel has attracted over 73,000 followers since it launched in 2016, and our Instagram and YouTube channels also continue to grow. In 2017, we launched our WeChat channel, reaching 6,000 followers. We are committed to enhancing our digital channels in both English and Chinese as a key part of telling our brand story, connecting our people and attracting and retaining the best talent.

[Visit our website and social media channels](#) to understand more about our values and our brand.

Our Approach

Fostering diversity, living our values, caring for and engaging our people, developing talent, and providing a respectful, safe and healthy working environment are essential elements of our Sustainability Strategy. Our people initiatives focus on three areas:

- Engaging our inclusive and diverse global workforce
- Enhancing the wellbeing of our people
- Attracting and developing talent

Engaging our People

Engaging our people to celebrate and support our inclusive and diverse global workforce, to connect, and to appreciate and encourage each other to thrive, is a core initiative at Li & Fung. We believe this provides an environment that is entrepreneurial, engaging and respectful, fostering a long-term commitment to the Company. In 2017, we proudly launched our Diversity & Inclusion initiative, highlighted below, to raise awareness, change perceptions and empower our people to both celebrate our diversity and engage in conversations on what it means to foster an inclusive working environment for all.

Diversity and Inclusion

In July 2017, Li & Fung launched a global Diversity and Inclusion (D&I) initiative to reinforce our culture of respect for all individuals and of valuing our differences and similarities. Our goal is to educate and raise awareness, creating a collaborative working and learning environment. As a global business, we recognize that it is critical to understand, embrace and operate in a multicultural world – both in the marketplace and in the workplace.

We believe that the workplace is both a laboratory for change and a harbinger of the world of tomorrow. Equality and openness leads to better performance outcomes in business. Making the workplace more accepting enables more creative problem solving and welcomes wider communities of talent to reach their potential and do their best work.

We are privileged to have a culturally-rich mix of people and we are honored to serve, support and provide services to a diverse community, as we strive to touch and make life better for a billion people across our global network.

At Li & Fung, diversity is an all-inclusive concept. It includes differences among gender, ethnicity, national origin, age, culture, ability, religion, socio-economic status, sexual orientation and any other attributes that truly represent an individual or group. We understand that diversity is not only about the obvious differences, but the less apparent as well. Individual lifestyles, work/life balance, interpersonal style, life experience, talent and creative passion are all factors that contribute to a person's culture or identity. We respect, value and celebrate the unique attributes,

characteristics and perspectives that make each person who they are, leveraging a diverse and inclusive workforce to achieve superior business results. We have 22 "D&I Ambassadors" across 40 countries who have come together to communicate and work to help us advance our diversity journey.

We launched our initiative on our internal communication platform, One Family, with educational-themed monthly articles accompanied by informative videos to engage and foster an environment of learning and open communication about differences. Articles, which were viewed 3,760 times in the first six months of the campaign, covered the following: An Introduction to D&I at Li & Fung; Understanding Unconscious Bias; The Value of Lesbian, Gay, Bisexual, Transgender and Queer (LGBTQ) Equality in the Workplace; Women in the Workforce; Generational Diversity in the Workplace; and Cultural Etiquette. Sharing these innovative and engaging messages and approaches on what D&I means and how to break down barriers and misperceptions, empowered our people to openly discuss how D&I enriches our culture and working environment.

In 2018, we will kick-off locally-led workshops around topics, such as those related to Unconscious Bias and LGBTQ communities, to open the doors to communication around topics that may have been previously unspoken or off-limits.

At Li & Fung, we take pride in the diversity of our talented people and believe that diverse teams make innovation possible. We are committed to educating our employees and maintaining an inclusive environment where all people are valued and respected.

Project WoW (Ways of Working) is transforming our workplaces to increase collaboration among our colleagues. This supports our Three-Year Plan focus by creating working environments that facilitate speed in work processes and communication, drive decision making, spur innovation in spaces conducive to imagination and experimentation, and adopt technologies that connect our people and our customers through digital platforms. We have empowered our people to embrace and promote this cultural shift with local WoW Change Committees and Advocates who consult and engage their colleagues not only on the overall layout of the spaces but also on adapting to the new WoW open-office work environments.

Each year we hold multiple events to share our strategy and encourage dialogue and innovative thinking across our many offices. Through annual conferences, team meetings and other events, our people connect to learn from seasoned professionals and collaborate with peers to incubate business ideas. To enable our people around the world to engage directly with our CEO and senior leaders, we also held 27 town halls in 25 cities to discuss our business priorities, performance, direction and plans.

Our One Family internal communication platform remains central to connecting our people through stories, blogs and a social feed. Our people freely share their thoughts and ideas instantly through the One Touch portal, forming communities with colleagues working in our locations around the world, who have the same interests and passions, or work in the same role. In 2017, our One Family platform received 12.5 million pageviews, an increase of 28.87% from 2016.

Valuing our people extends to appreciation events and special days for families, which we regularly organize along with the giving of awards that recognize the achievements of our people. In 2017, 3,192 employees reached anniversaries with Li & Fung of between five to 45 years and were awarded Long Service Awards. Of our people receiving awards in 2017, 50% had worked with us for 10 years or more, 20% for more than 15 years and 10% more than 20 years, including 56 colleagues with 30 years' service or more – a remarkable achievement.

Diversity is the driver of innovation. Differences of gender, race, culture, thought, generation, orientation, ability and religion are respected and celebrated in a wholly inclusive work environment.

Roger Young

Chief Human Resources Officer



Enhancing Wellbeing

The health, safety and wellbeing of our people are very important to us and guide us to ensure that our people feel safe and respected and are able to apply their best skills at work. We believe this improves performance at work and brings benefits to our people, both personally and professionally.

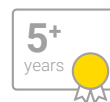
Our strategy and programs are tailored to support our peoples' wellbeing and to meet the specific occupational health and safety requirements of different working environments within our offices, manufacturing facilities and distribution centers (DCs). To support local needs and meet local legal requirements, we ensure that our working hours and benefits, and other terms of employment, are tailored to each locality in our global network. Exemplifying our commitment, our manufacturing facility in Bangkok was awarded the Excellent Establishment on Labor Relations and Welfare Award from the Ministry of Labor for the tenth year in a row.

As noted above, maintaining a respectful workplace free from discrimination and harassment of any form and providing equal opportunities for all our people, in support of international declarations on human and labor rights², is of utmost importance. We affirm these commitments in our Code of Conduct and Business Ethics (Code). All new employees learn about the Code during their orientation. As shared above, our D&I initiative reinforces and supports our people to live these commitments.

We also have policies and guidelines for addressing the Code that are implemented in the acquisition of new businesses and through our ongoing recruitment, training, performance assessment, disciplinary and grievance processes. As part of our Code we respect freedom of association and collective bargaining and 2% of our employees have joined unions globally.

Compliance with our Code is reviewed quarterly by the Risk Management and Sustainability Committee (RMSC) of the Board and audited by our Corporate Compliance team, under the supervision of the Group Chief Compliance and Risk Management Officer who reports any material non-compliance to the Board directly or through the RMSC. In 2017, two incidents of fraud were reported, as outlined in 'Our commitment to good governance' section, and two grievances were reported in the United States. The grievances involved one claim by a temporary employee that disabilities could not be accommodated for a particular function in the working environment, the result of which has yet to be determined by the Equal Employment Opportunity Commission, and the other was related to unpaid wages that was investigated with a financial settlement provided. As a result of these incidents, management reinforced the importance of raising employee complaints or any disputes immediately to the appropriate human resources personnel to take necessary and appropriate measures for resolution, as outlined in our Grievance Procedure.

[Visit our website to download Code of Conduct and Business Ethics.](#)



3,192 Colleagues

with 5+ years long-service awards in 2017



1,619 Colleagues

with 10+ years long-service awards in 2017

2 International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the UN Global Compact's 10 Principles and the UN Declaration of Human Rights.

Business Ethics & Integrity Program, 2017



19
Locations



64
Leaders certified as trainers



2,800+
colleagues and

41
participants

from 30 suppliers attended workshops

To reinforce our commitment to operating our business ethically and with integrity, we established a working group of representatives from business divisions and our legal, compliance and learning and development teams. In 2017, our Business Ethics and Integrity Education Working Group rolled out Company-wide Business Ethics & Integrity Workshops in 19 locations, involving over 2,800 colleagues and 41 participants from 30 of our suppliers. Through presentations, case studies and group exercises, our colleagues learned how to better recognize, understand and steer clear of the “high risk” areas involving various integrity issues that could have a negative reputational impact. The workshops equipped our colleagues with skills to guide them in taking appropriate courses of action, and aligned our suppliers to both our Company’s business practices and our customers’ standards. To sustain this important initiative, we also rolled out train-the-trainer programs in Hong Kong, Shanghai, Shenzhen and Taipei, and certified 64 leaders as trainers to conduct learning sessions in various locations.

Across our global network, we take measures to ensure our facilities are safe and fit for purpose and we conduct regular safety, fire and emergency response drills. In 2017, there were no fatalities in our workplaces globally.

All our manufacturing and logistics facilities have also implemented formalized occupational health and safety (OHS) management systems and five are audited to meet the requirements of the Sedex Members Ethical Trade Audit (SMETA)³. Our manufacturing facilities in Bangkok and Jakarta are certified to the OHSAS 18001 OHS Management System standard, as are four of our logistics facilities in China, the Philippines⁴, Singapore and Thailand. Our DC in Singapore was awarded the BizSAFE STAR Certificate from the Singapore Workplace Safety & Health Council. Our Trowbridge manufacturing facility in the UK meets RIDDOR⁵ standards and the Tonawanda facility in the US exceeds the standards of the OSH Act⁶. All facilities hold safety talks, training and drills on workplace hazards, safe working practices, chemical management, forklift operation, defensive driving, and spill, fire and emergency prevention and response. Annual Environmental, Health and Safety Weeks and topical OHS events are also held, and counselling services, medical clinics and vaccinations are provided. We are very pleased that our manufacturing facility in Thailand won the 2017 National Outstanding Award on OHS and Environment from the Ministry of Labor for the fifth consecutive year. As of December 2017, our Bangkok, Dongguan, Jakarta and Trowbridge facilities have not had a lost time injury for 918, 122, 644 and 88 days, respectively.

3 Our facilities in Bangkok, Dongguan, Jakarta, Tonawanda and Trowbridge are audited to meet SMETA requirements.
 4 Our DC in the Philippines will renew its certification to OHSAS 18001 in 2018 as it expired in June 2017.
 5 Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013.
 6 Occupational Safety and Health (OSH) Act of 1970, 29 CFR 1910 Occupational Safety and Health.

We continue to implement health and wellness programs globally that focus on creating awareness of a myriad of health, emotional and social issues and helping our people to access resources to support their diverse needs. We have fitness centers in a number of our workplaces and host a variety of exercise and wellness activities, ranging from health checks, self-help and mindfulness training, and yoga and dancing sessions, to marathon training.

🔗 Visit our website to read about our successful myRun campaign and other activities to promote wellbeing.

Attracting and Developing Talent

Attracting and developing the best skills and talent is essential to the development of our business. In 2017, we significantly strengthened our digital presence on LinkedIn, Instagram, Facebook and WeChat. This has helped us to engage the best local and international talent from all over the world. We have been using LinkedIn as part of our recruitment strategy since 2015, and in 2017 we received 22,843 job applications through the platform. In early 2018, we started incorporating artificial intelligence as part of our recruitment strategy, through our HireFit predictive model, which we anticipate will change the face of the recruitment process as we move forward.

In addition to attracting external talent, we encourage internal transfer opportunities for our people who wish to enhance their skills or develop new competencies. In 2017, 5,541 people were newly hired, representing an average new hire rate of 15% across the Company; 6% of our open positions were filled by existing employees and 12% were through referrals. As part of our ongoing talent development initiatives, we encourage cross-functional and cross-regional development moves to prepare our emerging leaders to be able to assume leadership roles in the future. In line with the APQC Benchmark⁷ Industry Target of 14% for large, complex, multinational companies, our voluntary turnover rate among professional staff was 14% in 2017.

We believe building a strong culture of learning plays a vital role in the sustainable evolution of our Company.

Voluntary turnover among professional employees by gender, region, age group and employee category

Overall

14%

Gender

Female

16%

Male

12%

Geographic region

Asia Pacific

14%

Americas

11%

Europe, Middle East and Africa

14%

Age group

Over 50

5%

30 – 50

13%

Under 30

26%

Employment category

Permanent

12%

Contract

20%

Temporary

23%



15%

increase over 2016

In-house learning programs in 2017



15,400+

Learning resources available



12%

increase over 2016

Online learning resources in 2017

To support our people to leverage their talents and develop their skills and competencies, we provide development programs that focus on leadership, broadening professional knowledge and technical skills, and enhancing productivity. In 2017, average training hours increased from 7 to 7.8 hours per employee, and on average:

- Managers attended 7.2 hours of training, with women receiving 9 hours and men 6 hours of training
- Employees attended 7.8 hours of training, with women receiving 10 hours and men 5 hours of training

We also provide flexible learning channels from online and classroom courses, on-the-job experience, and networking and mentoring, to cross-border opportunities. In 2017, our learning and sharing platforms were accessed a total of 159,247 times. For those accessing these resources from our management team, 55% were female and 45% male, and for our employees, 62% were female and 38% male. In 2017, 17,770 of our employees attended and/or accessed our learning resources, which include 2,517 learning programs and 15,476 online learning resources. This represents an increase of 15% in the number of programs and 12% in the number of learning resources available in 2017 over 2016.

In addition, our newly launched Virtual Classroom, which was accessed by 6,686 people, provides a teaching and learning environment where participants can interact, and view and discuss presentations online through video conferencing or live video streaming, enabling multiple users to be connected at the same time through the Internet.

Building on our formalized learning and development activities, our people also use a robust learning platform, known as "MyCareer", which enables them to learn at their own pace. MyCareer covers career development, skill training, expertise sharing and personal and management development, providing 15,476 learning resources that include e-books, e-modules, learning articles, videos, webinars and podcasts. Our Learning Site, which had 25,444 page views in total in 2017, is another intranet platform with additional learning resources for our colleagues around the globe.

The Learning Week campaign, which was started in 2016 to reach our global colleagues and expand our approach to innovative learning, is one of our most well-received programs. In 2017, we provided face-to-face, interactive and innovative learning to over 1,300 of our people in five locations globally. While embracing digital learning and gamification as the core approach of the program, we delivered a number of



Participants in The Kitchen's open innovation challenge.

learning sessions that brought the latest trends in merchandising resources, equipping our merchandising teams with technical skills. Interactive sessions, such as the Management Café, have provided a peer learning environment for our colleagues to share their best practices and practise skills learned in the sessions. We have received very positive feedback from participants that these sessions have helped boost their creativity and improved the way they share ideas. The sessions also equip our local office representatives with techniques to cascade the learning sessions to their teams, sustaining a learning culture over the longer term. Through these programs, we have also successfully fostered colleagues' awareness of digital learning and ability to use digital platforms to enhance work productivity.

The Digital Learning Exhibition, a week-long, immersive and experiential event in 2017 showcasing how technology can accelerate learning, attracted 683 colleagues in Hong Kong and 2,764 online visits from our colleagues globally. Feedback received was very positive with visitors giving the exhibition a score of 4.7 out of 5 on average. It involved multiple zones with each demonstrating the following, different types of technology:

- Smart check-in and check-out system to track attendance at training workshops
- App Center introducing several mobile learning apps that were developed inhouse for our colleagues
- Interactive, 360 tour for introducing different business divisions to new hires during induction programs
- Product and operational process discovery experiences using augmented reality technology

The learning sessions are all very practical. Most of the skills acquired through the workshops can be applied in our daily work.

Vivian Keung

General Manager, Hong Kong Office

- Global, live video streaming of iCafé, an informal gathering of colleagues to share and learn from one another about the latest digital tools, work habits, methods or trendy applications that can boost productivity in the workplace, and of the Productivity Upskill Program (PUP) that provides support for using new Microsoft Office programs
- Game zone showcasing the gamification approach to learning
- Virtual reality (VR) safety simulation and exhibition tour demonstrating how VR technology could be used in training contexts

Each year, we continue to attract exceptional talent globally to join The Program for Management Development. Launched in 2010, this one-year, intensive program aims to cultivate entrepreneurialism and develop our future business and functional leaders. It includes corporate orientation and training, as well as rotational assignments in the Fung Group's core businesses, operational support functions and business education program. Thirteen Management Associates participated in the 2017 intake.

Developing Leaders

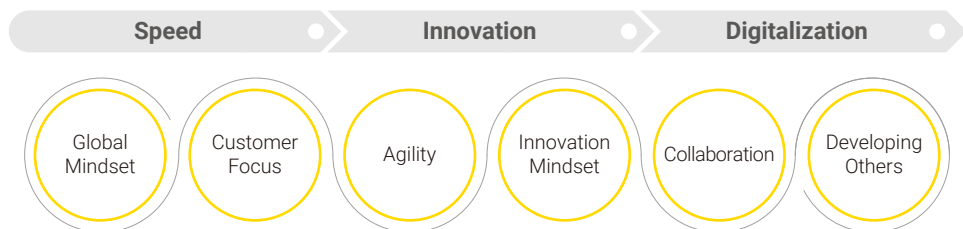
Developing leaders, at all levels, is a key priority. Focused programs, networking and experiential and on-the-job learning are just some of the ways we foster leadership. Over 2017, more than 975 of our global team participated in leadership development training.

We revised and updated our leadership competency model in 2017 to align with the themes of our Three-Year Plan – speed, innovation and digitalization. By using a competency-based approach to leadership, we can better identify and develop our talent to excel in their performance and become the next generation of leaders. We also organized focused workshops to help our senior managers identify and develop high potentials based on established criteria and processes. Below is a summary of these six refreshed competencies that are defined for five job levels across the Company.

We continue to implement our tailored leadership roadmap for different leadership levels, with the support of the Fung Academy. The Leadership Essentials program held three classes during the year focused on building core leadership competencies among high potential junior managers.

Refreshed Leadership Competencies

To align with our Three-Year Plan themes of speed, innovation and digitalization, we updated our leadership competency model to incorporate the skill sets below.



The “Leading Self, Leading Others” (LSLO) leadership program, which has been evolving since 2015, continued to equip senior and mid-level managers with skills to take on the role of people managers. This year, participants went through various simulation exercises and were given tasks to help them better understand their own, and other people’s, styles and attributes so they can improve how they communicate and engage with their teams, and give and receive feedback.

In November 2017, we marked the 50th session of the LSLO initiative in Shanghai and reached the milestone of training over 1,000 of our leaders globally. Over the year, we held 29 of the 2-day LSLO workshops, engaging 419 of our leaders in 13 cities⁸. We are also providing support for our LSLO alumni to continue their leadership learning journey through an e-learning platform called The Big Think, and half-day workshops to enhance specific skills such as Coaching Skills for Managers and Handling Challenging Conversations. These initiatives will be rolled out to more locations going forward.

8 LSLO workshops were held in Bangkok, Hong Kong, Irvine, Istanbul, New York, Norderstedt, Paris, London, Panyu, Shah Alam, Shanghai, Shenzhen and Taipei.

Professional and Technical Skills

Enhancing skills and broadening knowledge, and building the capacity of our teams to address opportunities in an evolving business landscape, are important parts of our people strategy. Providing innovative learning opportunities is therefore key to fostering an engaging learning environment and equipping our colleagues with specific skills for them to continue to excel.

This year, our newly-launched Consultative Selling workshop was designed to take business development from a focus on closing the sale to the macro and sustainable B2B level and create value and impact for our customers' business. By focusing on our customers' challenges, our merchandising colleagues are equipped with a consultative mindset, models, tools and skills to work as business partners and provide solutions for our customers and to help meet their business goals. A total of 83 divisional/merchandising managers (ten in Hong Kong, 42 in Shanghai and 39 in Taiwan) have participated in these workshops to date.

We also continued to support our people to join an in-depth dyeing and coloring program based on the requirements and guidelines of the Society of Dyers and Colourists (SDC). In 2017, we sponsored ten of our colleagues to attend the SDC Certificate of Colour Management of Textiles Program and to receive this certification. Apart from the certification program, we also ran seminars that focused on driving speed and innovation around color management and the dyeing of textiles. 245 colleagues attended these seminars and learned from external experts how to apply digital printing, new techniques

for textile dyeing, visual assessments of colored textiles and digitalized color data in the design and approval processes. They gained valuable insight into how improvements in efficiency and in accurate color management could speed up product development and production delivery.

We partnered with Trendalytics, a product intelligence platform that provides insights on consumers, trends, pricing and competitors, to create an online curriculum focused on the latest trends, brands and market intelligence. Our product development and merchandising colleagues are able to leverage this information and create customized dashboards for customers. A series of 12 webinars, focusing on driving speed and providing the right product for customers, was rolled out this year to over 349 colleagues in 15 cities⁹. In addition, Trendalytics' Trend Intelligence Reports were shared with our global colleagues, providing them with access to a curated archive of data-driven trend alerts and reports on topics such as Accessories, Beauty, Fashion Week, Footwear, Menswear, Womenswear and Trendalytics How-to Tips.

In addition to our more formalized learning and development activities, we also created and launched:

- Online books and platforms to support colleagues to learn anytime anywhere, including a new Digital Sweater Handbook covering essential information related to fiber, yarn, dyeing, knitting, assembly and quality for knitwear
- On-demand, business skill development resources covering 41 essential business topics

⁹ Trendalytics' webinars were rolled out in Bangkok, Guatemala City, Hong Kong, Istanbul, Lahore, Manchester, New York, Oporto, Oxtou, Sao Paulo, Shenzhen, Shanghai, Seoul, Taipei and Trowbridge.

+20%

increase in daily operational performance of teams in the **2017 Basic Management Program**

- Peer Learning Clubs for colleagues to learn the same topic together and support each other’s development by sharing insights, experience and feedback on applying what they have learned on the job. Facilitation training was provided to Club facilitators to help them lead the sessions and support members to achieve their learning objectives and development goals
- Sessions with industry best practice experts to share their insights and research to equip our global human resources colleagues with the necessary skills and knowledge to support the Company’s transformation

The Basic Management Program (BMP), a new series of two-day workshops, engages hundreds of our country-level supervisors in participatory modules with practical cases and scenarios to build skills, ranging from operational control, problem solving and organizing to action planning. As a result of applying what they learned in the BMP, business leaders across four of our Southeast Asian hub countries reported that they have observed an average improvement of 20% in the daily operational performance of their teams.

To equip our teams with the digital, technical and managerial skills needed to successfully embrace change and transform the business under our Three-Year Plan, we launched customized, experiential training sessions to empower our people and create an environment conducive for addressing challenges, managing stress positively, openly expressing emotions and building resilience. Known collectively as ‘The Hero’s Journey’, colleagues focus on themselves as the protagonist – the Hero – of their own growth as they experience different modules and

exercises. Topics covered range from self-awareness, stress management, resilience and responding to challenges, to emotional agility and team bonding, to the psychological dynamics of personal change, motivation and positive psychology. In a survey of the over 100 participants in the pilot sessions in our Southeast Asian hubs, an average score of 9 out of 10 points was received when they were asked to what extent the experience improved their ability to manage stress, positively embrace change or understand and master their emotions, among other things.

🔗 Visit our website for more information about our learning programs, including those to support our customers.

Innovation and Experimentation Programs

Innovation is critical to staying competitive in a rapidly-changing global market and is an essential element of our Three-Year Plan. Collaborative learning is essential to develop a culture of innovation.

In 2017, we implemented the following new initiatives that are fundamentally changing how we operate our business and engage our stakeholders along the value chain:

- We launched five sessions of the Innovative Manufacturing Series in seven locations, bringing the latest, industry-leading technology and innovations to support our people to integrate speed, innovation and digitalization into their work and business development. The 556 participants learned how to use practical tools to address these opportunities in the areas of digital printing and applications for textiles, innovative merino product development and wool trends, innovative instant thread color digital solutions, smart home – smart furniture and virtual color digital application in apparel and home products

- Building capability within our business units by providing coaching and introducing design thinking and rapid prototyping to solve business issues. We have seen this result in substantial increases in productivity, either in business processes, or in the way of working with our customers. For example, one collaboration shortened the fashion calendar from 40 to 24 weeks, saving 40% of the time it used to take to get products from concept to stores
- Providing research support for business units to innovate in strategy development. For example, research on the shopping habits of millennials challenged assumptions and perceptions about how they shop and make purchasing decisions, thereby helping business units strategize new, appropriately-targeted product or service offerings for our customers
- Helping to experiment concepts for digitalizing the supply chain that connect the production line with the ordering system so the factory can produce semi-customized products on demand
- Using technology to develop meaningful small products for our customers by rethinking and exploring all aspects of product development. By experimenting with material selection and incorporating sensors and connectivity, the team uses research, ideation, rapid prototyping and consumer validation to test new wearable products quickly and share their learnings across the Company. One of the products the team successfully created for an entertainment group is pending patent
- Hosting a hackathon, known as “Hack the Runway”, that connected us to a community of innovators, machine-learning gurus, data scientists, user experience (UX) and user interface (UI) designers and application experts to resolve business issues. Over the three-day event, 95 internal and external participants were tasked to innovate and reshape the present fashion sourcing process working on four real challenges that resulted in 16 prototypes and presentations
- Holding a “Hello Design Thinking!” workshop that was designed to promote the principles and methodology of design thinking and its application to resolve business issues. Around 50 participants took part in the workshop, and almost all of the participants were highly confident (8 out of 10) that they could apply design thinking at work. More will be run in 2018
- Training participants to manipulate and visualize data using real case studies from our operations, as well as introducing them to big data and machine learning, under the Data Science program

There are very quick ways to prototype, and get external feedback on what we are doing. Some of the responses that we received in the Hackathon actually changed my mind on how we should work on these solutions.

Manuel Fernandez

Group Chief Technology Officer



- Implementing a Business Simulation program to build business resilience and skills for collaborating through the gamification of simulated challenges and issues to be resolved within the sourcing business
- Extending learning about exponential technology and methods that might disrupt our industry through Professor Haim's Exponential Technology Program for middle and senior managers

We continued our collaboration with Singularity University for our senior leaders to join the Singularity University Digital Education program to learn how to accelerate and implement innovative change through identifying disruptive forces, understanding exponential technologies and practising with innovation tools and methodologies.

In 2017, the Clayton Christensen Institute for Disruptive Innovation and the Fung Group formed a five-year partnership to explore how global market shifts and rapidly advancing technology are disrupting industries and paving the way for supply chains of the future. One of our colleagues was seconded as a visiting research fellow to the Institute, and has been working closely with Institute researchers as well as Professor Clayton Christensen to merge leading theoretical frameworks with the insights of industry executives and practitioners with deep field experience.

Our Design Community, which was formed in 2015 and originally brought over 290 of our designers together to share experience and collaborate to boost innovation within the Company, now engages over 770 design or product development colleagues in over 43 locations¹⁰ across our global network.

We also accelerated and scaled our open innovation initiatives in 2017. We believe innovation can and should come from all our colleagues and the wørkshop, our in-house innovation team, is focused on enabling every colleague, team and operation across the Company to feel inspired and supported to express their full innovative selves.

The Kitchen, our award-winning crowdsourcing platform¹¹, continues from strength to strength with over 2,500 colleagues collaborating on 600 ideas in 2017. As the platform matured over 2017, we saw a marked increase in the quality of ideas and execution. The relevancy of ideas crowdsourced not only increased by 23%, the number of ideas going from paper to prototype increased by an incredible 178%. The Kitchen was also used externally to collaborate with our customers to bring fresh and innovative product ideas to market. Our work on The Kitchen was also recognized in two external publications, Forbes¹² and MIT Sloan Management Review¹³.

10 Design Communities are established in Bangkok, Barcelona, Bremerhaven, Chicago, Den Bosch, Dhaka, Dongguan, Florence, Hangzhou, Hanoi, Ho Chi Minh City, Hong Kong, Huddersfield, Irvine, Issaquah, Istanbul, Lahore, Leicester, Liuyang, London, Lucca, Lyons, Manchester, New Delhi, New York, Ningbo, Norderstedt, Oporto, Oxtou, Paris, Panyu, Pasig City\Metro Manila, Pathumthani, Pulheim, Putian, San Diego, Seoul, Shanghai, Shenzhen, Sydney, Taipei, Trowbridge and Wenzhou.

11 Li & Fung's launch of The Kitchen was awarded the Ignite 2017, Launch of the Year award by Spigit - <https://www.spigit.com/>

12 <https://www.forbes.com/sites/robertbtucker/2017/07/06/cultivating-a-risk-taking-culture-inside-li-fungs-innovation-journey/#37c1fb9a7e14>

13 <https://sloanreview.mit.edu/article/developing-innovative-solutions-through-internal-crowdsourcing/>

The Guerrilla Sessions, a series of experiences to help innovators around Li & Fung connect, scaled digitally, physically and thematically to help expand our reach and engagement. Not only did we conduct 23 live sessions, we also launched live streams over Facebook as well as expanded our market coverage with our first stop in Shanghai, China. We also launched a series of interactive "maker" sessions on coding Arduino boards and 3D printing.

In 2017, we continued our focus on building and fostering a community of innovators. Within Li & Fung, over 700 colleagues engage on our Slack channel to exchange and collaborate on innovative ideas. Externally, we are also building an ecosystem of collaborators. From early stage startups to large multinationals, we are convening and creating a community of innovators to further accelerate our goal of creating a culture of open innovation at Li & Fung.

Looking Ahead

We work in a fast-paced, highly competitive industry with ever-changing demands as we build the digital supply chain of the future. Our people, therefore, must be equipped with the necessary skills to drive a client-focused approach now and into the future. We aim to do this by creating a culture of continuous professional development and adaptability.

Going forward, our key priorities include strengthening our culture and people practices in line with purpose and values, revising our performance management to support our Three-Year Plan and new Ways of Working (WoW) by adopting a forward-looking approach that aligns learning, career and leadership development with achieving our business objectives. Our aim is to enhance our speed and agility to adapt to an evolving world of work through a continued focus on innovation, experimentation and transformation.