Our environmental performance at a glance

Our Reporting Scope and Baseline

2017 marks the first year of our current Three- Year Plan and of capturing environmental data more comprehensively across our businesses globally. Our reporting scope covers over 90 offices, five manufacturing facilities[1] and over 200 distribution centers (DCs).

In 2016, we rolled out a new tool to better capture our environmental data and we transitioned our offices, manufacturing facilities and DCs onto the new online platform across our global network. We previously reported on environmental data captured for the 2016 reporting year, the last year of our previous Three-Year Plan, in Annual Report 2016. As previously shared, it was our intention in 2017 to review our global operations and how we collect data, to make sure that we were capturing, tracking and monitoring our data comprehensively.

Over the course of 2017, we improved the functionality of our new data management system and worked to bring all locations across our operations that have the ability to capture environmental data, into the system. As a result, locations that did not capture data previously were added and additional consumption data was included for others that weren't fully capturing all their consumption items.

While we have reported absolute and intensity reductions in our environmental footprint over the years of implementing our Sustainability Strategy, in 2017, our absolute resource consumption and greenhouse gas (GHG) emission data increased, as did our intensity metrics, over data reported in 2016. This is a result of capturing more consumption data in our system globally as outlined above, and the expansion of our logistics business in China, Taiwan and Thailand, and in new markets of Korea, Japan, India and Vietnam. Furthermore, our state-of-the-art, LEED-Gold certified distribution hub in Singapore, one of the largest bonded warehouses in Asia, which was opened in 2016, has achieved full utilization much earlier than anticipated.

With the implementation of our improved data collection tools, the addition of new locations into our data capture and the expansion of our Logistics business, we reset our consumption and intensity baseline in 2017. This higher baseline than previously set reflects a more accurate state of our operations and our reporting scope. However, with the strategic divestment of the three product verticals of furniture, beauty and sweaters, known as our Discontinued Operations, this baseline has since been adjusted to only include Continuing Operations going forward. Consumption and intensity data for the Continuing Operations of Li & Fung forms our revised baseline for assessing our environmental performance in our current Three-Year Plan. With this new baseline, we are not modifying our goal to reduce our overall footprint for our current Three-Year Plan and are working towards achieving the same intensity reduction targets that we previously set for 2019.

Details of **our footprint reduction initiatives** and the composition of **our greenhouse gas emissions and energy consumption** are available on our website and you can also refer to pages 138 to 147 of our **2017 Annual Report**.

1 *Our five manufacturing facilities in Bangkok, Dongguan, Jakarta, Tonawanda and Trowbridge produce beauty and personal care products.*

Our environmental performance at a glance

2017 GHG Emissions, Consumption and Intensity for Li & Fung's Continuing and Discontinued Operations

The table below outlines our 2017 GHG emission, electricity, water and paper consumption and intensity data for Li & Fung as a whole, including our Continuing Operations and Discontinued Operations.

	Li & Fung	
	Emissions / Consumption	Intensity
Greenhouse Gas Emissions (GHGs)	Tons CO_2 Equivalent (tCO_2e)	tCO_2e / m^2
Scope 1	7,118	0.0009
Scope 2	64,937	0.0078
Total GHGs	72,055	0.0086
Resources		
Electricity	Kilowatt Hours (kWh)	kWh / m^2
	118,917,521	14.20
Water	Meters Cubed (m^3)	m^3 / FTE^2
	760,051	35.65
Paper	Reams A4 Equivalent (Reams)	Reams/ FTE
	212,964	9.99

2017 GHG Emissions, Consumption and Intensity attributable to Li & Fung's Continuing Operations

The table below presents our 2017 emission, consumption and intensity data for Li & Fung's Continuing Operations as a whole, as well as data for our Services and Products business segments. This data sets our new baseline for 2017, the first year of our current Three-Year Plan.

	Services	Products	Li & Fung	Li & Fung	
	Emissions / Consumption			Intensity	Intensity Reduction Targets for 2019
Greenhouse Gas Emissions (GHGs)	Tons CO_2 Equivalent (tCO_2e)			tCO_2e / m^2	
Scope 1	3,425	1,009	4,434	0.0006	-10%
Scope 2	51,694	984	52,678	0.0069	
Total GHGs	55,119	1,993	57,112	0.0075	
Resources					
Electricity	Kilowatt Hours (kWh)			kWh / m^2	-10%
	91,025,810	2,636,265	93,662,075	12.30	
Water	Meters Cubed (m^3)			m^3 / FTE	-5%
	8,846	409,280	418,127	24.07	
Paper	Reams A4 Equivalent (Reams)			Reams/ FTE	-5%
	15,462	185,462	201,301	11.59	

2017 GHG Emissions and Consumption attributable to Li & Fung's Discontinued Operations

2017 GHG emission and consumption data attributed to Li & Fung's Discontinued Operations, which were part of Li & Fung as of December 31st, 2017, is presented below.

	Discontinued Operations
	Emissions / Consumption
Greenhouse Gas Emissions (GHGs)	Tons CO_2 Equivalent (tCO_2e)
Scope 1	2,684
Scope 2	12,259
Total GHGs	14,943
Resources	
Electricity	Kilowatt Hours (kWh)
	25,255,446
Water	Meters Cubed (m^3)
	341,924
Paper	Reams A4 Equivalent (Reams)
	11,663

2 *Full-time equivalent (FTE) is used to normalize our global water and paper consumption data.*

Our environmental performance at a glance

2017 Waste and Recyclables Quantities and Intensities for Hong Kong Operations

As noted in our annual reports and for many years, each of our offices, manufacturing facilities and DCs have sought to minimize waste generation, reuse materials and collect paper, packaging, printer/copier toners, aluminum cans, plastic bottles, pallets and other materials for recycling.

In Hong Kong, we have been recycling all of these materials through a variety of collectors over the years and we maintain 'Class of Excellence' certification under the Hong Kong government's Wastewise scheme. In July 2017, we launched a focused program in our three office buildings in Lai Chi Kok and our office in Sha Tin and retained HKRecycles, a social enterprise, to ensure that all materials are collected, measured and sent to recycling processing companies.

To reinvigorate recycling in Hong Kong, we developed a special campaign. First, we undertook a detailed study of where our existing bins were located, how many more bins were needed to expand the collection to all floors in our office buildings, and then we created our own signage so all the bins would be consistently labeled with posters to explain what could and could not be recycled. We also prepared our own video about why it is so important to recycle, how to recycle properly and to encourage everyone to do their part.

The table below presents our waste and recyclables data, including quantity and intensity data, based on what has been collected at four of our buildings in Hong Kong in 2017. Our solid and hazardous wastes are collected by licensed contractors to ensure the safe and proper disposal of these wastes in compliance with applicable, legal requirements. Recyclables have been collected by a variety of local collectors and, since July 2017, HKRecycles.

While we have been enhancing our capture of recyclable materials since launching our new campaign, we believe that our baseline for 2017 underrepresents the potential quantities of recyclables that can be diverted from disposal going forward. We will continue to focus our efforts on raising awareness,reducing waste generation and increasing reuse and recycling. We are also reaching out to all of our global locations to begin tracking recyclables and waste management data so we can progressively move towards disclosure of global data.

		Li & Fung – Office operations in Hong Kong[3]	
		Quantities Collected (kilograms (kgs))	Intensities (kgs / headcount[4])
Waste	Solid Waste	386,271	124.13
	Hazardous Waste	449	0.14
Recyclables	Glass	59	0.02
	Metal	90	0.03
	Paper	27,228	8.75
	Plastics	403	0.13

3 *Data presented include quantities of solid and hazardous waste and recyclables that were measured in 2017 for Li & Fung's operations (including Continuing and Discontinued Operations) in three office buildings in Lai Chi Kok, and our office in Sha Tin, in Hong Kong.*

4 *Headcount, rather than full-time equivalent (FTE) employees, is used to normalize waste and recyclables data as this reflects the people who have positions with teams based in Hong Kong and who are also located in Hong Kong and therefore contributed to this waste generation and the capture of recyclables. Given that the majority of our waste and recyclables in Hong Kong is generated from office operations, headcount was selected as the appropriate normalizing factor.*