



# 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.

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. We support a high-performance culture where our people are motivated to deliver exceptional client service. 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.

## Employees<sup>1</sup> Worldwide 16,796

### Employees Worldwide by Gender



### Management Team by Gender



Over 2019, a number of organizations recognized our focus on innovation and people development:

1. CTGoodJobs Best HR Awards: Gold for Best Learning & Development
2. Asia Recruitment Awards Hong Kong: Gold for "Best Global Recruitment Strategy" and Silver for "Best Onboarding Experience" and "Best Candidate Experience"
3. HRO Today 2019: Talent Acquisition Team of the Year
4. HR Asia Magazine: "Best Companies to Work for in Asia"
5. Human Resources Magazine's HR Distinction Awards: Gold in "Rising Team of the Year", "Innovative Team of the Year" and "Excellence in HR Strategic Plan" and Silver in "Excellence in HR Digitalization" and "Excellence in Learning & Development"

2019 marks the end of our current Three-Year Plan. We have made progress along our transformational journey to be the industry leader as we create the Supply Chain of the Future and we will continue to enhance our leadership, talent and capabilities to support the realization of this vision. This vision will continue to guide us during the next three years. We also are evolving as a world-class learning organization focused on digital transformation and change management. As an industry leader we need to attract the best and brightest diverse global talent in design, product development, merchandising and account management.

We will continue to focus on creating shared value for our customers, suppliers, colleagues, partners and communities. In support of this, our people strategy focuses us on making progress towards the UN Sustainable Development Goals (SDGs) of Good Health and Wellbeing, Gender Equality and Decent Work and Economic Growth.



<sup>1</sup> 98.5% of our full-time employees are on permanent or other contracts. For the 67% that have full-time, permanent contracts, 46% are female and 54% are male, and for the 33% on full-time, temporary or other contracts, 56% are female and 44% are male. For part-time employees on permanent contracts, 85% are female and 15% are male, and for those on other contracts, 77% are female and 23% are male.

## Our Values

Our values form the basis of our culture, business strategies and 114-year old brand. Three core values continue to unite us and guide our actions:

**We are entrepreneurs**

**We are humble**

**We are family**

Our values are meaningful expressions of who we are. They define our behavior with each other, with our customers and suppliers, and with all those we interact with. Through our One Family internal communication platform, we focus on promoting our values and our people continue to share stories, videos and photos on what these values mean to them, and how they integrate them into their lives and work.

We continue to expand our brand beyond our corporate website through LinkedIn, Instagram, YouTube and WeChat. Over 120,000 people follow our LinkedIn page, which represents an increase of 35% over 2018 and, on average, over 24,100 people directly engage with our posts. We have over 2,600 Instagram followers and for WeChat, we have over 11,000 followers with an average engagement of 2,100 per post, which is up 110% from 2018. We continue to enhance 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 learn more about our values and our brand.](#)

## Gender Pay Gap

An important part of nurturing diverse talent is our belief in equal pay for work of equal value. This drives us to transparently address gender pay and to make progress in our support of the SDG for Gender Equality. We first reported gender pay gaps for our Company as whole and by employee level in 2017.

In 2019 and based on median annualized salaries across all employee groups<sup>2</sup>, men earned 4% more than woman overall, narrower than 7% more in 2018<sup>3</sup>. Among senior and middle management, women earned 5% less than men, compared to 8% less in 2018. For other employees, below middle management, women earned 23% more than men in 2019 compared to 17% more in 2018.

### Improvement toward parity in overall gender pay gap

**3%**

### Workforce under the age of 50

**90%**

### Average age of all employees

**42**

### Average length of service

**8 years**

### Retention rate after maternity leave

**73%**

[You can read more of our workforce data on our website.](#)

<sup>2</sup> Within Li & Fung generally, senior management comprises employees at Grade 1 and above, middle management at Grade 2 and other employees are Grade 3 or below.

<sup>3</sup> The overall gender pay gap across all employee groups has been restated for 2018 due to a clerical error. Other data for 2018 remains correct.

## 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 and attracting and developing talent.

## Engaging our People

Engaging our people to celebrate and support our inclusive and diverse global workforce, to connect, and to encourage each other to thrive, is a core initiative at Li & Fung. Doing so provides an environment that is entrepreneurial, rewarding and respectful, fostering a long-term commitment to the Company.

Our diversity is a source of strength and pride. Our 16,796 colleagues represent over 50 nationalities inspiring innovation and 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. We proudly promote our Inclusion & Diversity initiative 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. You can read more overleaf.

Project WoW (Ways of Working) transformed our workplaces to create collaborative and interactive environments, in support of our Three-Year Plan. We created spaces that facilitate speed in work processes, communication and decision making, spur innovation in spaces conducive to imagination and experimentation, and adopt technologies that connect our people and customers. We empowered our people to promote this cultural shift with local WoW Change Committees and Advocates who consult their colleagues on the layout of the spaces and ways to adapt to the open-office environments. In 2019, we transformed offices in Ho Chi Minh and Shanghai, with London and Dhaka under renovation and targeted for completion in the first and second quarters of 2020. This is in addition to previously converted offices in Hong Kong, Jakarta, Qingdao, New Delhi, Seoul and Singapore.

Each year we hold multiple events to share our strategy and encourage dialogue and innovative thinking across our 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 direct engagement with our CEO and senior leaders in discussions on our business priorities and performance, during 2019 we held 18 meetings involving around 1,000 senior managers and 115 town halls with a cumulative total of over 17,000 colleagues participating in person and over 1,100 more joining by live stream in multiple locations.

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 app by forming communities with colleagues who have the same interests and passions, or work in the same role. In 2019, over 8,600 colleagues accessed One Family daily and there was a 93% increase in the number accessing it with their mobile device. There were over 11.9 million pageviews and time spent on the platform increased by 3% over 2018. The number of blogposts increased from 273 to 316.

Valuing our people extends to appreciation events and special days for families, which we regularly organize. Each year, we also recognize our peoples' work anniversaries with Li & Fung of between over 5 to 45 years through our Long Service Awards.

Our annual, global employee engagement survey, "Your Opinion Matters" continues to provide insightful feedback. Each year we ask consistent questions related to colleagues' engagement and career development, the actions of our managers and senior leaders and the overall work environment. This enables us to analyze trend variations over the years and we follow up on any areas for improvement.

With an encouraging 72% response rate, the overall results have been favorable, with 71% of respondents expressing they are happy working at Li & Fung. 73% of respondents understand and resonate with the organization's vision and mission and are confident that we are positioned well for the future. Favorable scores for the Company's senior leadership having a sincere and genuine interest in the wellbeing of employees increased by 2%.

Responses indicated areas of strength, including colleagues' and senior management's attitude of genuinely caring about customers and belief in Li & Fung regularly using customer feedback to improve our process and setting clear performance standards for product/service quality. Continued areas of focus include acting on employees' suggestions and ideas and the long-term development of our people. We followed up with our HR business partners and senior leaders to communicate the feedback and develop action steps to manage the changes needed. Focus groups were implemented to listen to our colleagues and act on the important issues relevant to our employees.

## Inclusion & Diversity

As a global business, it is critical to understand, embrace and operate in a multicultural world – both in our workplace and in the supply chain. Launched in July 2017, our global Inclusion and Diversity (I&D) initiative emphasizes our culture of respect for all individuals and of valuing our differences and similarities. Our objective is to educate and create awareness among our colleagues, creating a collaborative working and learning environment.

As Li & Fung continues to learn and evolve on this journey and recognizing that an inclusive workplace is a precondition to furthering diversity, a refreshed campaign emphasizing Inclusion was introduced in 2019 to focus on involving and respecting the differences in people, ideas and cultures.

Some of our highlights in 2019 include:

- A Global Anti-Harassment & Anti-Discrimination Policy was renewed with training for Human Resources (HR) teams and compulsory e-learning modules for all managers and employees (see below for details)
- 31 "I&D Ambassadors" across the world came together to communicate and diligently advance our journey and build our practices of I&D
- Ongoing monthly articles on our intranet, One Family, accompanied by informative videos to foster an environment of learning and open communication about I&D. In 2019, we covered

issues such as International Women's Day, Black History Month, Health Awareness, Pride Month and Emotional Wellbeing

- Over 60 workshops on "Unconscious Bias" to open the doors of communication
- Introduced LGBT+ Inclusion workshops with pilot sessions in our Hong Kong, Shanghai and Shenzhen offices
- A three-month Health & Wellbeing campaign was launched to promote health awareness including physical health, emotional and mental wellbeing to our colleagues. Over 45 health and wellbeing events were held across the globe



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## Enhancing Wellbeing

When our people are happy and healthy and provided with a safe, inclusive workplace, it improves our performance and brings benefits to our people, both personally and professionally.

Our strategy and programs are tailored to support our peoples' wellbeing and to meet occupational health and safety requirements for our offices and distribution centers (DCs). To support local needs and meet local legal requirements, our working hours and benefits, and other terms of employment, are tailored to each locality in our global network.

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 rights<sup>4</sup>, is of utmost importance. We affirm these commitments in our Code of Conduct and Business Ethics (Code) and our I&D initiative reinforces and supports our people to live these commitments. All new employees learn about the Code during orientation and ongoing training. To strengthen our zero-tolerance approach to violations of our Code related to discrimination and harassment, we introduced a new, global policy as highlighted below.

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 around 7% of our employees have joined unions. For operations with unionized workers, consultations with trade unions are held at a minimum annually and the minimum notice period regarding operational change is 30 days.

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 2019, there was one incident of fraud regarding staff advances and claims that was investigated and reported to the local law enforcement authority, and led to the relevant internal control system being further strengthened. For details, refer to "Our Commitment to Good Governance" section.

In 2019, two issues related to employment terms and conditions were raised and resolved through our grievance mechanism in the United Kingdom (UK)<sup>5</sup>.

### Global Anti-Discrimination and Harassment Policy

Li & Fung is committed to maintaining a workplace free from unlawful and unwanted harassment, be it sexual or other, or discrimination in any form. We strive to provide all employees with a respectful and safe work environment. Accordingly, in 2019, the Company adopted a detailed **global anti-harassment and anti-discrimination policy**, accompanied by specific training for our HR business partners to equip them with the knowledge and skills to handle and report any such cases that may arise and take the right recourse.



As the member of the Fung Group, we are committed to maintaining a workplace free from unlawful and unwanted harassment or discrimination of any form.

<sup>4</sup> 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.

<sup>5</sup> The two issues raised through our grievance mechanism in the UK in 2018 and the one in the United States in 2017, that were previously reported, have since been resolved.

The Business Ethics and Integrity Education Working Group, established in 2017, includes members from Learning & Development (L&D), Legal, Corporate Governance, Digital Learning, HR and business units.

Following the workshops held for senior leaders in 2018, we rolled out a train-the-trainer program, enabling us to bring our "Do the Right Thing" workshop to over 4,000 colleagues of all levels in 25 locations in 2019. With the accompanying e-learning module, we have enabled colleagues to enhance their skills and knowledge for putting our policies into practice. By the end of 2019, 7,367 colleagues completed the digital learning resource, nearly doubling the 4,038 colleagues that were reached in 2018. Mandatory business ethics training will continue to be rolled out, along with refresher courses, to reinforce our high expectations for ethical behavior in all business activities.

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**Since 2017 the Business Ethics & Integrity Program has reached:**

Over **4,000 colleagues** in workshops in

 **25 Locations**

Over **7,300 colleagues** through

 **digital learning**

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. All our logistics facilities have implemented formalized occupational health and safety (OHS) management systems with six facilities in Hong Kong and one in Singapore certified to the OHSAS 18001 standard, and two in Mainland China and one in Thailand certified to the ISO 45001 standard. Our DC in Singapore also holds the BizSAFE STAR Certificate from the Singapore Workplace Safety and Health Council and our

facility in Thailand was recognized with the "Zero Accident – Silver Award" by Thailand's Institute of Occupational Safety and Health for the fourth consecutive year.

Furthermore, four of our DCs in Hong Kong, Mainland China, Malaysia and Thailand maintain Hazard Analysis Critical Control Points (HACCP) certification. Additional best practice safety and hygiene certifications are held by a number of DCs where relevant, depending on the storage and distribution standards required for particular goods, including for food and medical devices.

Across our operations we conduct risks assessments of transportation routes to plan for safer journeys and we organize 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. We also engage our subcontractors to providing training on safe transport operations, driving and use of PPE. Annual Environmental, Health and Safety Weeks and topical OHS events are also held and vaccinations are provided. In our DCs in Thailand, SMART Material-handling Equipment (MHE) Training is provided and the Safe MHE Driving Program awards colleagues that demonstrate excellence in safety practices with a prize and recognition on notice boards.

In 2019, there were no fatalities in our workplaces globally. We continue to work on being able to report on OHS statistics across our global operations.

We educate, support and empower our employees to improve and maintain their overall health and wellbeing through healthy lifestyle choices. Our goal is to support the diverse needs of our colleagues through our holistic wellness learning initiative, known as 360 Wellness. The program aims to develop colleagues' mindfulness by addressing physical, spiritual, emotional and mental wellbeing. Colleagues are encouraged to take responsibility for their health through a series of Lunch & Learn sessions that include topics addressing stress management, building resilience, dietary management and relationship building. In 2019, we reached 122 colleagues in over five sessions. We hope to continue this initiative in the coming years by partnering with other teams across the organization to offer more learning opportunities and increasing engagement.

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[Visit our website](#) to read about our annual myRun campaign and other activities to promote wellbeing.

## Attracting and Developing Talent

In today's fast-changing geopolitical and business environment, we need to have the best talent to drive growth across our global offices. Our senior management recognizes that having a healthy talent pipeline is key to our future success and the stability of the organization.

A Talent Management Taskforce has been formed and an organization-wide global talent management process created that focuses on current and future critical jobs, talent and development needs, and succession planning. Workforce planning also enables us to identify our high potentials early on so we can plan their career path and growth within the organization.

Since 2018, we have been incorporating Artificial Intelligence (AI) as part of our recruitment strategy with the HireFit predictive model improving both the efficiency of the process and the experience for candidates. In 2019, we launched Project Hire Agile Success (HAS), which empowers HR teams to hire the right person with the right tools in a data-driven culture using the Agile approach. Over a span of two and half months, the project delivered ten solutions to address stakeholder feedback, including innovative job descriptions, electronic employer branding leaflets and digitized job application forms. In 2020, we will continue to expand our use of the Agile approach and continuously integrate stakeholder feedback to enhance the recruitment process for all parties. Over the year, we strengthened our presence on LinkedIn, Instagram, Facebook and WeChat to help engage the best

local and international talent. We've been using LinkedIn as part of our recruitment strategy since 2015, and in 2019 we received more than 40,000 unique job applications, which is a 40% increase over 2018. In 2019, 1,987 professional staff were newly hired, representing an average new hire rate of 12% across the Company. The main channels for new hires included 27% from internal transfers or referrals, 15% from recruitment agencies, 35% from job postings and 23% from social media, ongoing connections with universities and other channels.

In addition to attracting external talent, retaining existing talent is a priority, particularly within an industry that continues to experience systemic change. In 2019, our voluntary and involuntary turnover rate among professional staff was 15%, which is the same as in 2018 and is equivalent to the APQC Benchmark Industry Target of 15.1% for large, complex, multinational companies. We are proud to share that our retention rate after maternity leave is 73%.

To enhance internal talent and succession pipelines, we continue to encourage transfer opportunities across the Company. As a strategic investment, in 2019, we launched a new International Career Development Scheme in Vietnam to prepare 'merchandising leaders of the future' at all levels through internal mobility opportunities. The scheme identifies and develops potential leaders to benefit from knowledge transfer and upskilling and to diversify their career experiences through international exposure. Since its launch in September, applications for the scheme have

## LF Adventure

In welcoming new colleagues into our Li & Fung family we want them to feel a strong sense of belonging. We know that the better the onboarding experience, the greater the impact we will have in effectively engaging our new colleagues and retaining talent. To enhance this experience, we launched 'LF Adventure' a journey guided by a mobile app and complemented with a new buddy system, 'LF Pal,' where new joiners are paired with colleagues who help them integrate into the workplace culture and act as a source of information and guidance.

"I'm excited about this initiative as it is perfectly aligned with our 'People First' strategy. I cannot over emphasize the importance of the onboarding process as I've seen many companies fail to provide this kind of support to new hires," said Wilson Zhu, Chief Operating Officer.



LF Adventure was created to keep our new hires connected, excited and engaged as we set them on the right path towards success from the very beginning of their employment journey here at Li & Fung.

been received from China, Hong Kong, Korea and Guatemala. Those selected for the six to 12-month assignments will enhance their skills and play a vital role in building local capability and enriching the succession pipeline in Vietnam – a critical production market.

🔗 You can read about our employee data and voluntary and involuntary turnover rates on our website.

## Performance Management

In 2019, we moved from annual performance reviews for all employees to two semi-annual performance management cycles in July and December. Introducing biannual performance appraisals, was an opportunity for managers and employees to formally review performance and objectives more frequently. The performance management program at Li & Fung allows flexibility for aligning with the needs of the business and it promotes a culture of giving and receiving feedback to encourage real-time discussions about the performance, goals and development of our people. Workday, our world-class human resource information system, allows for more transparency and efficiency for all employees and managers, supporting our initiative to align performance, feedback, personal development and goals with easily accessible information all in one place.

## A Culture of Learning

We believe that building a strong culture of learning plays a vital role in the sustainable evolution of our Company. To leverage our people's talents and develop their skills, we provide programs that focus on leadership and building business skills and professional knowledge. Our approach to building our multi-channel range of learning resources is based on a need for flexible, efficient, targeted and effective programming. We therefore use a combination of micro-learning, in person workshops, email quick-tips, webinars, mobile apps and social learning platforms. At the end of 2019, we have amassed a collection of survey responses, best practices, feedback and anecdotal evidence that all speak to the positive impact and improvements we have been able to achieve over the year.

In 2019, we also rolled out Franklin Covey's *7 Habits of Highly Effective People* program to colleagues in 14 locations with 23, two-day manager workshops followed by managers hosting 31 experience-sharing sessions. The program that allows us to practise the 7 Habits for optimal effectiveness, both in the workplace and personally, was reinforced by a combination of articles, blogs, videos of our own managers sharing their experience and newsletters. On average, participants scored themselves 4.3/5 on their ability to increase effectiveness and implement the 7 Habits. This is a 13% increase from the 3.8/5 reported prior to engaging in the program.

We continued to expand our #That'sTheIdea program to promote a growth mindset and a problem-solving mentality through the use of a practical, six-step problem solving model. The award-winning board game uses gamification to encourage colleagues to have fun while collaborating on real-life business cases. The result is not just a repository of solutions to common business problems, but also the ability to approach challenges differently and more effectively.

## Business Skills/Competencies Development

We must continually broaden our knowledge, enhance our skills and equip colleagues with the tools needed to remain one step ahead in today's disruptive business environment. The L&D team constantly re-evaluates the organization's needs by partnering directly with our business leaders to identify areas of improvement.

We offer ongoing learning programs and apps to enhance communication, presentation and people skills for business. In 2019, we rolled out a series of focused merchandising programs to address specific business needs and concerns, align service standards and key performance indicators (KPIs), share best practices and refine the current merchandising process. Topics included excellence in merchandising, product development, quality management, costing, factory reviews, sample development, planning the production timeline, color management and trend forecasts. Over 300 colleagues in four locations participated in one or more of 16 Merchandising Skills programs.

The need to cultivate young talent into merchandising professionals and leaders was the impetus for developing our Merchandising Trainee program. This 18-month program includes a wide range of activities including corporate training, projects, field trips, mentorships and coaching. The selection of the 13 participants in 2019 was based largely around the HireFit Spotlight Assessment to ensure a good fit. Training commenced during the latter part of 2019 with workshops focused on soft-goods development and costing, quality assurance and product development and delivery. So far, nine courses, comprising 27 hours of training, have been offered. Going forward, each participant will progress through two stages with specific development goals before reaching graduation, at which point they will become qualified Assistant Merchandisers ready to rise up through the organization's ranks.

## Employee Development

We recently debuted a comprehensive suite of development planning materials to ensure that our colleagues are leveraging the skills that are necessary to progress and grow throughout their careers. A key component of this program is the Development Planning Toolkit. The toolkit includes a step-by-step development planning guidebook, assorted tools to work through and a tailored development curriculum based upon the 70/20/10 approach<sup>6</sup> to learning. We rolled out a session that covered the key concepts of development planning and the 70/20/10 learning approach, an introduction to our Toolkit, and tips for developing employees.

On average, 5.9 hours of training hours were received per colleague in 2019 through Li & Fung's L&D programs, the Fung Academy and tailored training delivered by our Logistics' business. In total, 98,723 hours of training were recorded through these channels in 2019.

In 2019, a total of 14,370 colleagues received training through Li & Fung's L&D programs, which is equivalent to 86% of Li & Fung total workforce. On average, 4.8 hours of training hours were received per employee through these programs in 2019, with an average of US\$279 per full-time employee invested in training and development. The average number of training hours per employee that undertook this training was 4.5 in 2019, which is slightly lower than 4.9 hours in 2018.

For those participating in L&D's training and on average, senior managers attended 3.5 hours of training, middle managers 4.8 hours and other employees 5.3 hours. Close to 300 employees also accessed training via our learning apps, of whom 46% were female and 54% male. In addition, there were around 6,400 page views of our Digital Literacy video series, Adaptability in the Digital Age series and Digital Ambassador website, with over 2.9 million unique views of our Digital Tips.

[Details on our training statistics, including by employee group and gender, are available on our website.](#)

## 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. In 2019, more than 180, or 40%, of our global management team participated in leadership development training.

Our Motivating Self & Others program was created to provide both our new and experienced managers an opportunity to improve their managerial skills. Participants leave with a better understanding of their motivators and aspirations and enhanced abilities for setting clear expectations, engaging stakeholders to achieve desired outcomes, collaborating, sharing ideas and receiving feedback for continuous improvement. As one participant noted, they left with "self-confidence, focus and strong goals."

We continue to implement our tailored leadership roadmap, with the support of the Fung Academy. The Leading Self, Leading Others (LSLO) leadership program equips senior and mid-level managers with skills to take on the role of people managers. Close to 1,600 of our leaders have now participated in the program, which celebrated its 100th session this year and is consistently rated as 90 to 95% relevant to participants' leadership journey. In 2019, we had 89 participants attending one of the 27 sessions held in Hong Kong, New York and Shanghai. New capacity-building training on Artificial Intelligence and Account Management was added this year, with over 80 colleagues participating. In addition to individual coaching provided by Fung Academy specialists, group and team coaching was introduced. With structured and facilitated sessions, colleagues engaged in

<sup>6</sup> This approach assumes that individuals obtain 70% of their knowledge from job-related experiences, 20% from interactions with others, and 10% from formal educational events.

coaching circles to share their views and receive feedback and support on challenging issues or experiences.

🔗 You can learn more about our extensive learning programs and how we develop our leaders on our website.



The Leading Self, Leading Others leadership program, which equips senior and mid-level managers with skills to take on the role of people managers, celebrated its 100th session this year.

## Innovation and Experimentation Programs

Advancements in technology are disrupting our industry, creating new opportunities and uncertainties about the future business landscape. Experimentation enables us to explore the future to uncover new value and foster an innovation mindset. In 2019, we implemented a number of initiatives that are fundamentally changing how we collaborate with each other and with our partners along the value chain.

### Process Mapping, Strategy and Co-creation Workshops

The Fung Academy designed and facilitated co-creation sessions with Li & Fung and its customers to identify opportunities to enhance cooperation and service delivery. Through collaborative, cross-functional process mapping and redesign workshops, our teams engaged with customers to identify how to enhance communication, clarify roles and responsibilities, optimize planning and sampling stages, and identify process improvements and priority initiatives. KPIs to align our services with customers' strategic objectives were also identified. In one instance, a four-day strategic review and co-creation workshop between our Logistics business and one of its customers helped align the relationship with a common vision and strategy for adopting innovative sustainability and technological solutions.

## Explorium

Fung Group's collaboration and innovation hub, Explorium, acts as an interface between Li & Fung's internal business unit champions and external innovators, providing an innovative environment for learning, experimenting and scaling drivers of the future global supply chain, such as new technology and sustainability. With 2,200 community members and 500 monthly visitors spanning multiple industries, Explorium has organized and hosted regular events, hackathons and workshops on sustainability, the circular economy, creating shared value, sustainable packaging, and many other topics, for internal and external stakeholders.

## The Kitchen

Established in 2016, The Kitchen is an online crowdsourcing platform enabling colleagues to come together to solve business challenges. In 2019, our Logistics business engaged its warehouse operators to identify solutions to challenges they find in the workplace. From late 2018 to 2019, a total of ten challenges were hosted by The Kitchen with 220 ideas posted. Out of the 14 winning ideas, one of them has since increased productivity by 39%.

## Artificial Intelligence (AI) Showcase

The Fung Academy's AI curriculum equips business leaders with the skills, confidence and capability to explore AI in their business. Course participants are guided through a customized AI project blueprint that helps scope and shape their projects. Example projects ranged from the application of Natural Language Processing for the classification of Logistics' delivery orders to the use of predictive analytics for optimizing inventory management and sales forecasting for a key customer in the Mainland China market.

## Launch of "Proto" – a first experiment in "Made-to-Measure Apparel"

In 2019, the Fung Academy created "Proto", an experimental consumer brand that, in collaboration with business units and external parties, piloted a new production and business model on a small scale. The first experiment, "Made-to-Measure", tested a direct-to-consumer business model for tailored, made-to-order menswear – a business model for eliminating overproduction and waste in unsold inventory.

🔗 You can read more about our culture of experimentation on our website.