

# Our Environmental Performance at a Glance

## Our Reporting Scope and Baseline

2019 marks the third and final year of our current Three-Year Plan. Our reporting scope<sup>1</sup> covers over 230 offices and 270 DCs in 2019 with comparative data provided for the years 2018 and 2017. Over these past three years, we have made a concerted effort to capture environmental data more comprehensively across our global business. Our 2019 environmental performance metrics for the Company's Services and Products business segments are presented below.

In 2019, our electricity and water consumption and our greenhouse gas (GHG) emissions increased in absolute quantities and intensity in comparison to the previous year and our baseline year of 2017. Increases in consumption are primarily a result of the expansion of our Logistics business and the increased capture of consumption data across our global operations. We did not achieve our intensity reduction targets of 10% for electricity consumption and GHG emissions, or of 5% for water consumption, despite ongoing investments in efficient equipment, technologies, systems and vehicular fleets, and initiatives to support behavioral change.

Paper consumption in 2019 reduced in absolute quantity in comparison to 2018 and our 2017 baseline, due to concerted efforts to encourage paperless operations and to reduce the number of print machines available by locating machines in centralized locations. In Hong Kong, paper volumes reduced by more than 10 tonnes to approximately 27.3 tonnes, which is more than a 27% reduction over 2018. While we did not meet our Three-Year Plan intensity reduction target of 5% for our global operations, we did reduce our absolute paper consumption by 20% over our 2017 baseline.

In 2019, we reduced our absolute waste generation by 46% and increased our capture of recyclables by 16%, over our baseline year of 2017, for our operations in Hong Kong.

In 2019, we undertook an initial review of our offices and DCs to determine which properties to focus on for conducting more detailed reviews to identify opportunities to reduce our environmental footprint. We are also investigating the substantive challenge of capturing GHG emissions along our supply chain and our Logistics business' distribution network, with the aim of reporting our Scope 3 emissions and being able to set Science-based Targets.

Details of **our footprint reduction initiatives** and the composition of **our greenhouse gas emissions** are available on our website and you can also refer to pages p.112-121 of our **2019 Annual Report**.

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<sup>1</sup> Environmental data captured includes operations where data is available; energy and water consumption that is not monitored separately by property management is not included.

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## 2019 Emissions and Consumption by Li & Fung Business Segment

The table below outlines our 2019 GHG emissions and our electricity, water and paper consumption data for Li & Fung by our Services and Products business segments.

	Services	Products
	Emissions / Consumption	Emissions / Consumption
<b>Greenhouse Gas Emissions (GHGs)</b>		
	Tonnes CO <sub>2</sub> Equivalent (tCO <sub>2</sub> e)	Tonnes CO <sub>2</sub> Equivalent (tCO <sub>2</sub> e)
Scope 1	7,426	901
Scope 2	54,537	1,007
<b>Total GHGs</b>	<b>61,963</b>	<b>1,908</b>
<b>Resources</b>		
Electricity	Kilowatt Hours (kWh) 97,012,211	Kilowatt Hours (kWh) 2,385,248
Water	Meters Cubed (m <sup>3</sup> ) 487,370	Meters Cubed (m <sup>3</sup> ) 10,583
Paper	Reams A4 Equivalent (Reams) 164,598	Reams A4 Equivalent (Reams) 6,743

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## 2019, 2018 and 2017 Emissions and Consumption, Change and Intensity for Li & Fung

	2017		2018		2019		Three-Year Plan Change 2019 over 2017 (+/-)	Three-Year Plan Intensity Change 2019 over 2017 (+/-)
	Total Emissions / Intensities <sup>2</sup> Consumption		Total Emissions / Intensities <sup>3</sup> Consumption		Total Emissions / Intensities Consumption			
<b>Greenhouse Gas Emissions (GHGs)</b>								
	Tonnes CO <sub>2</sub> Equivalent (tCO <sub>2</sub> e)	tCO <sub>2</sub> e / m <sup>2</sup>	Tonnes CO <sub>2</sub> Equivalent (tCO <sub>2</sub> e)	tCO <sub>2</sub> e / m <sup>2</sup>	Tonnes CO <sub>2</sub> Equivalent (tCO <sub>2</sub> e)	tCO <sub>2</sub> e / m <sup>2</sup>	Tonnes CO <sub>2</sub> Equivalent (tCO <sub>2</sub> e)	tCO <sub>2</sub> e / m <sup>2</sup>
<b>Scope 1</b>	4,434	0.0019	7,337	0.0028	8,327	0.0034	+3,893	+76%
<b>Scope 2</b>	52,678	0.0227	44,058	0.0167	55,544	0.0024	+2,866	-1%
<b>Total GHGs</b>	57,112	0.0246	51,395	0.0195	63,871	0.0258	+6,759	+5%
<b>Resources</b>								
	Kilowatt Hours (kWh)	kWh / m <sup>2</sup>	Kilowatt Hours (kWh)	kWh / m <sup>2</sup>	Kilowatt Hours (kWh)	kWh / m <sup>2</sup>	Kilowatt Hours (kWh)	kWh / m <sup>2</sup>
<b>Electricity</b>	93,662,075	40	88,640,426	34	99,397,459	40.11	+5,735,384	-1%
	Meters Cubed (m <sup>3</sup> )	m <sup>3</sup> / FTE	Meters Cubed (m <sup>3</sup> )	m <sup>3</sup> / FTE	Meters Cubed (m <sup>3</sup> )	m <sup>3</sup> / FTE	Meters Cubed (m <sup>3</sup> )	m <sup>3</sup> / FTE
<b>Water</b>	418,127	20	448,091	27	497,952	30	+79,826	+51%
	Reams A4 Equivalent (Reams)	Reams/ FTE	Reams A4 Equivalent (Reams)	Reams/ FTE	Reams A4 Equivalent (Reams)	Reams/ FTE	Reams A4 Equivalent (Reams)	Reams/ FTE
<b>Paper</b>	212,964	9.99	306,758	16.68	171,333	10.2	-41,631	+2%

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

<sup>3</sup> 2018 intensity data has been restated to reflect our Continuing Operations workforce data only.

# Our Environmental Performance at a Glance

## 2019, 2018 and 2017 Waste and Recyclables Quantities, Intensities and Change for Hong Kong Operations

As noted in our annual reports and for many years, each of our offices 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, a total of 1,135 items of electronic equipment, including desktop and laptop computers, monitors and printers, were collected for reuse, recycling and safe processing by a licensed contractor. Our Logistics business also collected 77 kilograms of metal mooncake tins for recycling following the Mid-autumn Festival from Li & Fung offices across Hong Kong.

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 between 2019 and our baseline year of 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 are collected from our three office buildings in Lai Chi Kok and our office in Sha Tin by HKRecycles, a social enterprise, to ensure that all materials are collected, measured and sent to processing companies for recycling.

In 2019 and for our Hong Kong operations, we reduced our generation of non-hazardous and hazardous waste by 46%, and increased our capture of recyclables by 16% over our baseline in 2017. We will continue to focus our efforts on raising awareness, reducing waste generation and increasing reuse and recycling. All our global locations also implement programs to reduce waste generation and recycle materials; we are continuing to work towards being able to disclose global data.

## 2018 and 2017 Waste and Recyclables Quantities and Intensities for Hong Kong Operations

### Li & Fung – Office operations in Hong Kong<sup>4</sup>

	2017		2018		2019		Change 2019 over 2017 (+/-)	Absolute Change 2019 over 2017 (+/-)	Intensity Change 2019 over 2017
	Quantities Collected (kilograms (kgs))	Intensities (kgs / headcount <sup>5</sup> )	Quantities Collected (kilograms (kgs))	Intensities (kgs / headcount <sup>5</sup> )	Quantities Collected (kilograms (kgs))	Intensities (kgs / headcount <sup>5</sup> )			
<b>Waste</b>									
Solid Waste	386,271	124.13	530,168	230	284,511	123	-101,760	-26%	-1%
Hazardous Waste	449	0.14	223	0.10	174	0.08	-275	-61%	-46%
<b>Recyclables</b>									
Glass	59	0.02	503	0.22	703	0.30	+644	+1,091%	+1,419%
Metal	90	0.03	104	0.05	190	0.08	+100	+112%	+174%
Paper	27,228	8.75	28,455	12.34	30,485	13.18	+3,257	+12%	+51%
Plastics	403	0.13	404	0.18	961	0.42	+558	+139%	+220%

<sup>4</sup> Data presented include quantities of solid and hazardous waste and recyclables that were measured in 2019, 2018 and 2017 for Li & Fung's operations in three office buildings in Lai Chi Kok, and our office in Sha Tin, in Hong Kong.

<sup>5</sup> 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.