

## Li & Fung's commitment to protect ancient and endangered forests

The impact of climate change on our world is becoming more pronounced and severe. Responsibly managing our environmental footprint as we work to mitigate global climate change is central to our sustainability strategy and protecting our forests is essential for a sustainable future.

Li & Fung is committed to leveraging its convening power to collaborate with stakeholders along the supply chain to make our industry more environmentally and socially responsible, and sustainable. We can better protect our forests through sustainable procurement and consumption of resources, in responsible material sourcing and product manufacturing, and in the transportation of products to our customers.

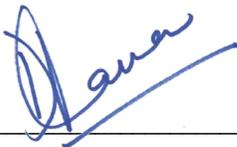
### Collaboration with Canopy

Li & Fung and Canopy are collaborating to promote the protection of the world's ancient and endangered forests<sup>1</sup> with a focus on supporting Li & Fung's brand and retail customers with information on paper, packaging and man-made cellulosic fabrics (MMCF) including, but not limited to, rayon, viscose, lyocell, modal, tri-acetate and other trademarked products.

In this collaboration:

1. Li & Fung and Canopy will work to keep global, ancient and endangered forests out of packaging, textile and fashion supply chains. This new collaboration is intended to propel the positive impact of the CanopyStyle initiative in the MMCF supply chain even further with global brands, retailers and MMCF fibre producers.
2. The key commitments of this partnership include:
  - a. Elimination of sourcing from illegal logging, endangered species habitat and Ancient and Endangered Forests such as the Canadian and Russian Boreal Forests; Coastal Temperate Rainforests; tropical forests and peatlands of Indonesia, the Amazon and West Africa by 2022.
  - b. Preference for MMCF and packaging produced with next generation fibre solutions such as recycled textiles, recycled paper and packaging and agricultural residues.
  - c. Free, Prior and Informed Consent of local and indigenous communities is required before logging.
  - d. Support for lasting large-scale forest conservation solutions.
  - e. Where a-d above have been met and virgin forest fibre is still sourced, an FSC preference will be stated, including FSC plantation fibre pre-1994 to avoid recent deforestation.
3. Canopy will make available to Li & Fung resources to support their customers to meet the above commitments including sharing updated information on supply chain shifts, CanopyStyle's Hot Button Report and Canopy's Ecopaper Database.
4. Where Li & Fung holds the final procurement decisions regarding which MMCF fibre producers to procure from, a commitment to source only from MMCF fibre producers who have achieved a "green shirt" within Canopy's annual Hot Button Report will be applied where Li & Fung makes the procurement decision related to packaging, in addition to the considerations above, we will work to reduce usage and make the use of post-consumer recycled content a priority.

30 June 2021



Deepika Rana

Chief Operating Officer, Li & Fung

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<sup>1</sup> Ancient and endangered forests are defined as intact forest landscape mosaics, naturally rare forest types, forest types that have been made rare due to human activity, and/or other forests that are ecologically critical for the protection of biological diversity. Ecological components of endangered forests are: Intact forest landscapes; Remnant forests and restoration cores; Landscape connectivity; Rare forest types; Forests of high species richness; Forests containing high concentrations of rare and endangered species; Forests of high endemism; Core habitat for focal species; Forests exhibiting rare ecological and evolutionary phenomena. Key endangered forests globally are the Canadian and Russian Boreal Forests; Coastal Temperate Rainforests of British Columbia, Alaska and Chile; Tropical forests and peat lands of Indonesia, the Amazon and West Africa. For more information on the location and definitions of ancient and endangered forests, please go to: <https://canopyplanet.org/tools/forestmapper/>