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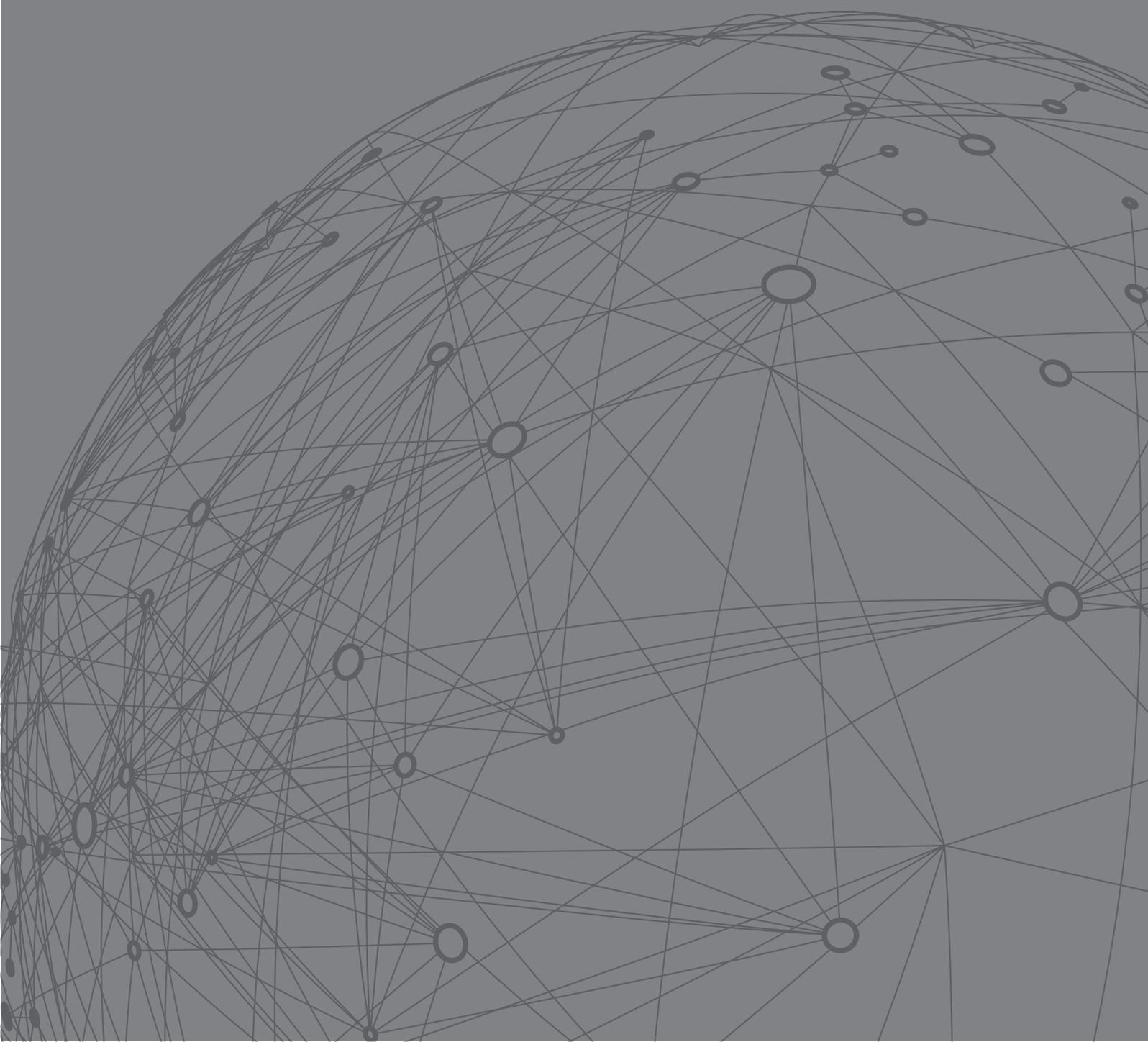
FUNG GROUP

Fung Group UN Global Compact Communication on Progress 2015



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2015 at a glance

2,470 factories implemented training programs

591 training sessions with 6,965 factory representatives



374 programs in 84 locations around the world

Volunteer hours on community engagement

34,280+

Factories in partnership with HERproject

89

68,165 kWh saved per year in electricity at Li & Fung Limited's new R&D facility in Thailand

12% intensity reduction in Li & Fung Limited's water efficiency per employee

15% intensity reduction in Li & Fung Limited's GHG emissions (scope 1 & 2)

2,100 kg recycled or reused plastics by Trinity Limited



Statement of continuing support

The Fung Group of companies (the “Group”), is pleased to publish its Communication on Progress for the year 2015. This report outlines the steps that we have taken to promote the United Nations Global Compact (UNGC) principles within our Group companies, as well as throughout our supply chains and among our stakeholders.

The Fung Group has always sought to operate in line with the principles of the Global Compact. We aim to operate sustainable businesses that provide useful goods and services, create jobs and operate with a high degree of integrity. We aim to contribute to the economic, environmental and social well-being of the communities in which we operate, and in alignment with the Global Compact’s principles.

As the Group marks the 110th anniversary of its founding, we remain thoroughly committed to the Global Compact’s principles. This year, the UN Sustainable Development Goals (SDGs) remind us that, despite much progress since the creation of the Global Compact, the world still faces many social, environmental and governance challenges, and business must be engaged in addressing these. We continue to see the Global Compact and the SDGs as useful platforms for collective action.

In laying out our actions and efforts to continue to improve our performance under the UNGC framework, we share our experiences and invite others to join us in partnership.



A handwritten signature in black ink that reads "Victor Fung". The signature is fluid and cursive, written in a dark color.

Victor Fung
Group Chairman

Fung Group of companies: Who we are

The Fung Group is a multinational group headquartered in Hong Kong whose companies are engaged in trading, logistics, distribution and retailing of consumer products.

The Group's trading and logistics operations are operated by **Li & Fung Limited**, the leading consumer goods design, development, sourcing and logistics company for major retailers and brands around the world. Li & Fung Limited specializes in responsibly managing supply chains of high-volume, time-sensitive goods, providing sophisticated one-stop-shop solutions to meet customers' specific needs. The company's end-to-end logistics services cover the time a product leaves a factory to the time it reaches the end consumer.

The Group's distribution businesses are run by **Global Brands Group Holding Limited**, one of the world's leading branded apparel, footwear, fashion accessories and related lifestyle product companies. Global Brands designs, develops, markets and sells products under a diverse array of controlled and licensed brands. Its customers are primarily retailers, including department stores, specialty retailers and e-commerce channels, in the Americas, Europe and Asia.

The Group's retailing operations include two publicly-listed entities: **Convenience Retail Asia Limited**, which operates convenience stores and bakeries, and **Trinity Limited** which sells high-end menswear. The Group also has a number of privately-held retail businesses.

In sum, the Fung Group employs approximately 45,100 men and women across 40 economies, with total revenue of over US\$24.8 billion as of December 2015.

This report covers the four publicly-listed entities of the Group: Li & Fung Limited, Global Brands Group Holding Limited, Convenience Retail Asia Limited and Trinity Limited.



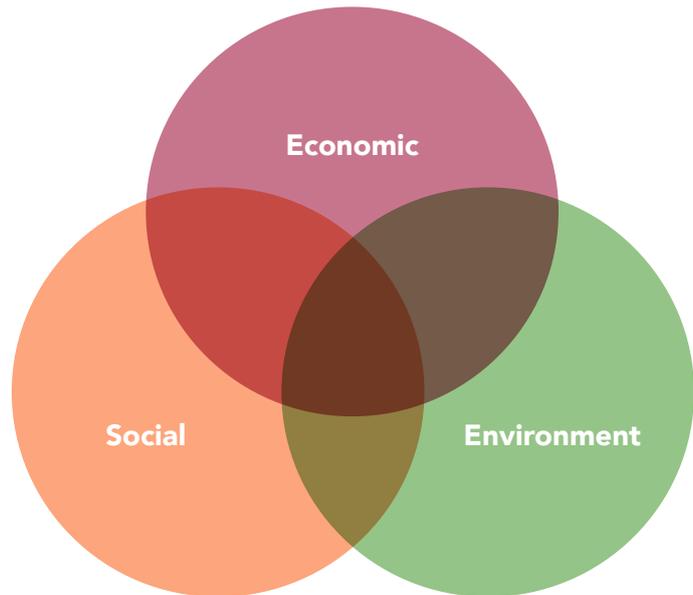
Our approach to sustainability

Our operating companies share a common vision for sustainability and dedication to the economic, social and environmental well-being of the communities we serve around the world. Each of our companies aims to integrate sustainability into its core business operations, backed by a dedicated sustainability function that coordinates and drives the overall sustainability strategy. In Li & Fung Limited, this structure is reinforced by the Risk Management and Sustainability Committee of the Board of Directors.

Our Group supports a number of initiatives to further the sustainability agenda. Our **Sustainability Working Group** comprises the sustainability leaders across all of our Group companies, plus key functions such as IT and compliance, and convenes regularly to share global best practices and coordinate actions.

Additionally, the **Fung Academy** provides accelerated learning and development across the Fung Group, through dedicated programs focused on sustainability, innovation and leadership to empower our people. We are also engaging global communities through the **Fung (1906) Foundation**, which supports Fung Group colleagues to engage in and contribute to communities worldwide; and the **Victor and William Fung Foundation**, which funds scholarships and thought leadership within think tanks and other organizations.

In this report, we highlight our policies and progress over the past year on actions to support the UNGC principles, and invite anyone with further interest to explore the public disclosures and websites of our respective Group companies. These may all be accessed through our Group website: www.funggroup.com.



UN Sustainable Development Goals

The Fung Group welcomes the adoption of the United Nations Sustainable Development Goals and looks forward to continuing our commitment towards global sustainable development under this framework.

Given the nature of our operations and supply chains, we believe that our engagement can, at this stage, be most productive around the following SDGs:

NO POVERTY



1. Minimizing poverty in all its forms everywhere:

Our companies deal in basic consumer products such as clothes, toys and furniture, which developing countries have historically relied on for the first stages of industrialization through export manufacturing. This continues to be the case today, and the overwhelming majority of our supply chain operations are in developing countries, where our supply chains provide jobs and growth which are critical in lifting communities out of poverty.

GOOD HEALTH AND WELL-BEING



3. Ensure healthy lives and promote well-being for all at all ages:

Many of our offices and operations are in developing countries, where robust public health systems and services might not be common. With clear evidence of the link between health, safety and productivity, we take special care in ensuring that our workplaces, and those of our suppliers, demonstrate this. We actively raise awareness and support our people to promote healthy lifestyle. We also invest in programs such as HERproject which educates workers on health issues and contribute to their overall well-being.

UN Sustainable Development Goals

1 NO POVERTY



2 ZERO HUNGER



3 GOOD HEALTH AND WELL-BEING



4 QUALITY EDUCATION



5 GENDER EQUALITY



6 CLEAN WATER AND SANITATION



7 AFFORDABLE AND CLEAN ENERGY



8 DECENT WORK AND ECONOMIC GROWTH



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



10 REDUCED INEQUALITIES



11 SUSTAINABLE CITIES AND COMMUNITIES



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



13 CLIMATE ACTION



14 LIFE BELOW WATER



15 LIFE ON LAND



16 PEACE, JUSTICE AND STRONG INSTITUTIONS



17 PARTNERSHIPS FOR THE GOALS



EQUALITY



5. Achieve gender equality and empower all women and girls:

One distinguishing feature of the apparel industry worldwide is its overwhelming reliance on female workers, with factories having 70% to 95% female workers not being uncommon. While factory work provides income for women and their families and validates the role of women in the economy, it might also be a source of tension, particularly given that most factory managers tend to be men. Through our compliance operations and programs, we strive to ensure that the workplaces we engage with are models for gender equality and non-discrimination in all respects.

DECENT WORK & ECONOMIC GROWTH



8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

Apparel and consumer products factories are commonly regarded as “low skill” and many of their workers are in their first formal jobs. However, we believe that these workplaces should still demonstrate the best principles of decent work, meaning that they go beyond basic health and safety, to provide their workers respect, opportunity and growth. Through our compliance and training programs, we seek to ensure that this is indeed the case, by enforcing basic compliance and educating factory managers on why decent work is so important and how to achieve it. Our partnership with BSR to implement the HERproject further strengthens our engagement and creating positive impact through capacity building in the communities we operate.

Throughout this report, we provide more detail on the programs mentioned above and initiatives we implement throughout our operations, which help us support the achievement of the SDGs. At the same time we are working to develop qualitative and quantitative measures of our contribution to the SDGs, and will share these in forthcoming reports.

The 10 Principles of the UN Global Compact

Human rights

1. Businesses should support and respect the protection of internationally proclaimed human rights; and
2. Make sure that they are not complicit in human rights abuses.

Labor

3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
4. The elimination of all forms of forced and compulsory labour;
5. The effective abolition of child labour; and
6. The elimination of discrimination in respect of employment and occupation.

Environment

7. Businesses should support a precautionary approach to environmental challenges;
8. Undertake initiatives to promote greater environmental responsibility; and
9. Encourage the development and diffusion of environmentally friendly technologies.

Anti-corruption

10. Businesses should work against corruption in all its forms, including extortion and bribery.

Human rights & Labor

AT A GLANCE

Li & Fung Limited

84 percent of employees participated in learning programs on over 130 topics, covering career development, skills training, expertise sharing, personal and management development.

Convenience Retail Asia Limited

Total training completed totals 43,343 hours with over 8.39 hours per employee in Hong Kong and Guangzhou.

Global Brands Holdings Limited

316 representatives from 235 factories participated in training, in partnership with Li & Fung Limited. Internally, employees participated in more than 9,100 hours of training.

Trinity Limited

As part of a continuous efforts in maintaining high standards of occupational health and safety, nearly 1,000 colleagues completed an improved training program and assessment questionnaire.

The Fung Group of companies is committed to upholding internationally-recognized human rights and labor standards within our own operations and beyond through our supply chains and our stakeholder communities. We strive to conduct our business with integrity and respect, based on universal human rights and labor principles. This is mandated through each operating company within the Fung Group.

The Group upholds the International Labour Organization's eight fundamental Conventions, namely:

1. Freedom of Association and Protection of the Right to Organize
2. Right to Organize and Collective Bargaining
3. Forced Labour
4. Abolition of Forced Labour
5. Minimum Age
6. Worst Forms of Child Labour
7. Equal Remuneration
8. Discrimination from Employment and Occupation

Our goal is the creation of a safe and healthy working environment that embraces diversity and dignity, respect for one another and equal opportunity for all. Therefore, Li & Fung Limited, Trinity Limited and Global Brands, for example, base their human rights commitments and policy on the International Labour Organization's Declaration on Fundamental Principles and Rights at Work (ILO), and support the UN Declaration of Human Rights as the necessary foundation for social development and economic progress.

“ Our goal is the creation of a safe and healthy working environment that embraces diversity and equal opportunity for all. ”

Each of our Group companies has a **Supplier Code of Conduct**, with explanatory supplements that sets the benchmarks for human and labor rights in their respective supplier networks. The Codes outline what is expected of suppliers, including the requirement to respect and uphold local legislation and internationally-recognized standards on human rights and labor practices. This year the Li & Fung Limited's Code has been revised to provide additional focus on the prevention of unauthorized subcontracting, along with other enhancements. The company will continually raise standards for both employees and suppliers, in compliance with changing international legislation such as the California Transparency in Supply Chains Act and the UK Modern Slavery Act.

Management holds the responsibility to manage human rights and labor issues across Fung Group. Employees are encouraged to report any violations to their manager, or as an alternative, directly and confidentially to the **Group Chief Compliance and Risk Management Officer**. The Chief Compliance and Risk Management Officer audits compliance to the Code throughout the Group and reports any material non-compliance independently to the Chairman and for our listed companies, to the relevant Board of Directors. In 2015, there weren't any breaches of compliance.

Supply Chain Focus: Vendor Support Services

Managing risk and compliance related to raw materials, products and suppliers is only the first step towards a sustainable supply chain. Li & Fung Limited established the **Vendor Support Services (VSS) business unit** in 2014 to provide a common platform that will transform its supply chain beyond compliance. In 2015, the VSS unit developed services to support suppliers to enhance productivity, operational and resource efficiencies and product testing, and to capture performance data along the supply chain. An audit equivalency program was also developed by Li & Fung Limited's Vendor Compliance and Sustainability unit to recognize third-party audits, and facilitate information exchange to minimize the need for multiple assessments.

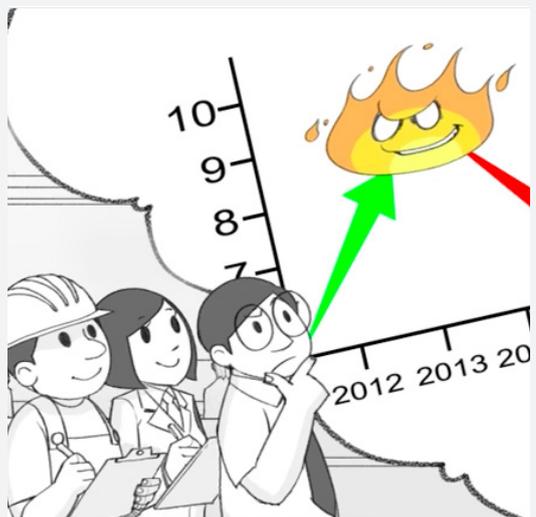
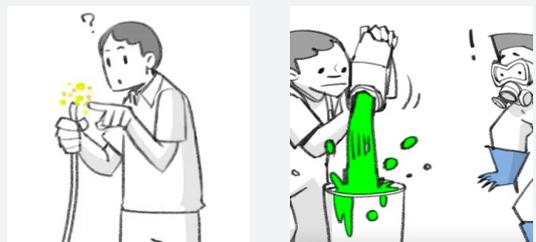
Capacity Building and Partnerships

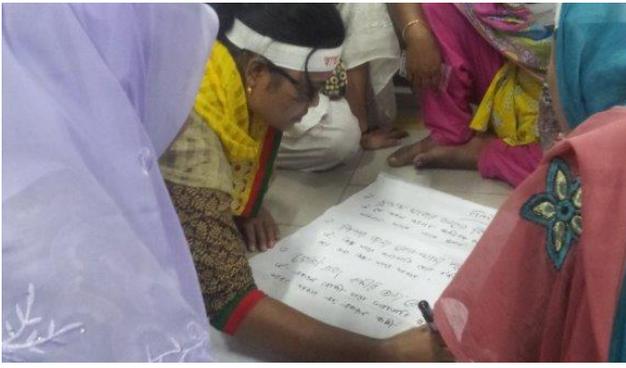
To uphold the principles of human rights and labor standards, Li & Fung Limited in particular has aimed to build capacity across its supplier network in multiple dimensions, for instance through the **HERproject**, in partnership with the

Li & Fung Health, Safety & Sustainability

The Group continues to develop a number of tools and resources to support learning in factories. This year we made additional efforts to widen the dissemination of these resources. Specifically, the entire catalog of Digital Learning Units for Managers and Workers — over 100 videos — is now available through a dedicated YouTube channel, in a number of local languages tailored to the key communities of our supplier base. Through this public channel it is our vision to raise awareness and promote knowledge sharing on basic compliance and safety issues for factories.

WATCH NOW ➔





Health and nutrition seminar in partnership with BSR HERproject in 89 factories in Bangladesh, Cambodia, Haiti, India and Vietnam.

Business for Social Responsibility (BSR). The HERproject empowers women with knowledge and skills to improve their health, living conditions and livelihoods. This year, the Fung (1906) Foundation, the Fung Academy and Li & Fung Limited and Global Brands Group Holding Limited are rolling out the HERproject in 89 factories in Bangladesh, Cambodia, Haiti, India and Vietnam, together reaching over 174,000 workers.

In 2015, Li & Fung Limited organized over 591 training sessions for over 6,965 factory representatives and more than 5,044 Li & Fung employees participated in furthering the training and implementation of the principles outlined through UNGC and internationally-recognized standards.

Li & Fung Limited continues to support several key industry initiatives that bring customers, industry associations and non-governmental organizations together to work collectively to make a positive impact, including:

Fung Academy

Recognizing the importance of learning in both our own organization and in our supply chains, the Fung Academy continued to develop programs and tools for sustainable operations and breakthrough performance. The Fung Manufacturing Excellence Program equips suppliers with best manufacturing concepts to promote efficiency and sustainability. This innovative series of tools and programs focusing on health and safety, energy, water and lean manufacturing were developed and made available through online learning modules to help suppliers enhance efficiencies and the sustainability of their operations. The learning modules were made available on a dedicated YouTube channel this year to share industry best practice across the supply chain.



Li & Fung Limited partnering with ILO Better Work program.

- **As You Sow** – through which we engage with our suppliers to not knowingly source cotton from Uzbekistan where forced and child labor is a significant concern;

- **International Labour Organization's Better Work program** – as an ILO recognized Better Work partner, Li & Fung Limited and Global Brands Group Holding Limited continued to support factories in Cambodia, Haiti, Indonesia, Jordan and Vietnam to improve labor conditions. Both Li & Fung Limited and Global Brands Group Holding Limited are members of Better Work Buyer Partners to collaborate and support the labor standards across the supply chains. By supporting Better Work in these countries we have committed to accepting ILO monitoring reports and have stopped auditing member factories in the program; and

- **Sustainable Apparel Coalition (SAC)** – Li & Fung Limited is actively involved with the Sustainable Apparel Coalition (SAC) and the development of the Higg Index and its accompanying sustainability toolset to help organization standardize how they measure and evaluate the environmental and social performance of apparel products. This year Li & Fung Limited has been active in providing input on the Higg Analytics platform and worked with a customer and SAC to further the Advance Analytics program.

Details on Li & Fung Limited's capacity building projects can be found on the company's website. [CAPACITY BUILDING PROJECTS](#) ➔



Volunteers took part in Habitat for Humanity's Youth BUILD campaign to rebuild rural villages vulnerable to harsh weather and flooding in China.

Engaging Our Communities

We seek to engage with communities wherever we operate, as a key way to give back to society and demonstrate our commitment to the UNGC principles and SDGs.

Li & Fung Limited has participated in 374 programs in 84 locations in 22 countries, with staff volunteering over 30,000 hours last year. Trinity Limited has contributed 2,380 hours to social and community activities in Hong Kong. Convenience Retail Asia Limited raised over HK\$2.5 million for the local community and volunteered over 1,900 hours in communities in China and Hong Kong.

Environment

Addressing climate change and building environmental resilience is critical to our world's sustainable future, and business must rise to this global challenge. As such, our Group companies instill the principles of prevention, management and resilience by implementing environmental responsibility programs which cover their own operations as well as their supply chains. We also operate a global environmental management and data collection system to measure our performance across a number of environmental metrics such as greenhouse gas emissions, energy and water consumption, and specific waste streams. We have identified new opportunities to enhance and further expand our technology platform with the introduction of a new management tool to be completed by the middle of 2016 for all four listed companies under the Fung Group.

Efficiency in Our Operations

One of our key focus areas is resource efficiency across our own operations. Building on last year, we measured our energy consumption, greenhouse gas emissions, water consumption and paper usage for our own facilities. This year we have made progress on a number of fronts, including absolute and intensity reductions in greenhouse gas emissions, energy and water use across Li & Fung Limited and Trinity Limited. 2015 is also the first year Global Brands Group Holding Limited disclosed its consumption profile, with further plans to expand the range of measurement metrics in-line with other Fung Group companies in 2016.

Fung Group 2014-15 Sustainability Data

Year	Li & Fung Limited		Trinity Limited ¹		Convenience Retail Asia Limited ²		Global Brands Group Holding Limited
	2014	2015	2014	2015	2014	2015	2015
GHG Scope 1 emissions (tCO ₂ e)	6,686	6,265	52	41	1,252	995	53
GHG Scope 2 emissions (tCO ₂ e)	86,323	82,924	2,772	2,486	36,832	35,261	5,413
Electricity (kWh)	148,045,108	145,375,772	4,291,848	3,781,638	57,550,996	65,298,717	10,894,302
Water (m ³)	1,606,833	1,391,133	5,483	4,805	133,766	141,487	2,900
Paper (reams)	234,110	233,274	3,180	2,270	17,481	16,573	

¹ Trinity Limited figures are for Hong Kong and Macau operations only.

² Convenience Retail Asia Limited figures are for Hong Kong and Shenzhen only.

For **Li & Fung Limited**, the organization also surpassed its greenhouse gas, electricity and water intensity reduction targets set for 2016 against the baseline year 2014. Electricity consumption intensity reduced by 13% and the combined GHG emissions intensity reduced by 15% compared to the 2014 baseline. Water resource efficiency has improved by 12% per



Li & Fung Limited introducing an electric vehicle to its logistics fleet in Hong Kong.

employee across 150 offices, six manufacturing facilities and over 250 distribution centers around the world. The overall paper consumption increased by 2% and the company is confident they can achieve the 10% intensity reduction by 2016.

Trinity Limited has made consistent improvement in resource management, reducing overall resource consumption and GHG emissions across all categories compared to 2014. In the process, the company has achieved all of the 2015 targets announced in this year's annual report, including intensity reductions in water and paper consumption. This year Trinity Limited has converted its primary packaging to biodegradable bags and recycled or reuse over 2,100 kilograms of plastics within its operations.

Convenience Retail Asia Limited's performance is mixed this year, with an increase of electricity, water and paper consumption on an absolute basis. The company has however reduced its fuel consumption, thus reducing its overall GHG emissions by 5% compared to the 2014 baseline.

Global Brands Group Holding Limited established its baseline environmental footprint in 2015, incorporating material consumption on electricity and water usage across its operations.



LEED Platinum Flagship Store

Global Brands Group's controlled brand Frye achieved LEED Platinum for retail commercial interiors for its New York flagship store in Soho. In the construction phase, all metals and wood flooring used are from 100 percent recycled materials. Paints and coatings are low to zero VOC content, in addition to other technologies such as high efficiency LED lighting, daylight harvesting with sensors and automatic controls. All faucets, fixtures and fittings are chosen for water conservation and appliances are selected based on energy star rating.

Consumption is driven by a total workforce of 3,575 employees located in offices across the globe, and retail stores in North America and Europe. With plans to invest further into resource efficiency through sustainable building upgrades and sensor technologies, Global Brands is well positioned for the future.

As our facilities represent a significant part of our footprint, it is vital we continue to improve our working environment. The Group has maintained and continued to enhance its portfolio of high performance and environmentally-responsible buildings. Examples of our achievements include:

- Leadership in Energy and Environmental Design (LEED) or Building Research Establishment Environmental Assessment Method (BREEAM) certification for buildings and offices; as well as local systems such as the Green Building certification for Li & Fung Limited’s Rui Fang distribution center in Taiwan; and
- The Wastewi\$e scheme run by the Hong Kong Environmental Protection Department.
- CLP GreenPlus Recognition Award, organized by CLP Power Hong Kong Limited. Circle K Convenience Stores (HK) Limited was awarded the “Prestige Award” and “Joint Energy Saving Award” in the Retail-Chain Store Category.

Sustainable Sourcing

Recognizing the scope of our global business networks we are committed to promoting responsible sourcing and minimizing the environmental impacts across our supply chain. We see this as a key area of opportunity, and focus our efforts on sustainable product design, responsibly-sourcing raw or recycled materials, environmentally-responsible manufacturing and efficient logistics to deliver products to our customers. Li & Fung Limited’s VSS services complement our environmental strategy through improving standards and capacity building programs across the sustainable supply chain.



LEED Platinum R&D Facility Opens

Li & Fung Limited’s research and development facility in Thailand was certified to LEED Platinum in 2015. The facility is projected to save over 68,165 kWh of electricity or the equivalent of 47 metric tons of carbon dioxide per year through the adoption of environmentally-responsible innovation such as:

- Solar photovoltaic system to generate 48,214 kWh of electricity per year;
- Automation system that maintains optimum performance and efficiency levels for lighting, air conditioning and ventilation. The system uses high-efficiency, air-cooled water chilling equipment to provide 30% more fresh air than the minimum required standard;
- Sensor system that constantly monitors CO2 levels in office and laboratory areas to ensure safe levels are maintained;
- LED lamps consuming 34% less energy than CFL and T5 lighting;
- Paints and coatings with zero or minimal VOC (volatile organic compound) content and highly-reflective paints and glazing, which cover over 90% of the wall and window areas and block 30% more solar heat radiance than ordinary glazing materials; and
- Construction materials and furnishings manufactured from post- and pre-consumer recycled materials.



More than 200 mangrove trees planted at Trapeang Sangke Fishery Community in Cambodia.

In our supply chains and stakeholder relationships, we expect our suppliers to abide by all local environmental legislation, and where relevant we require that they avoid the use of ozone-depleting chemicals and certain toxic materials in the production process, and prohibit the trade in endangered species. We also encourage and provide technical support to suppliers on energy and water efficiency, greenhouse gas reductions, sustainable building, lean manufacturing, health and safety and human resource management, both directly and through recognized industry programs. We also facilitate the sharing of best practices across our supplier network, both directly through our own programs and in collaboration with industry groups.

For example, Li & Fung Limited sources garments made of cotton from certified organic sources, such as the Global Organic Textile Standard (GOTS), that meets the Better Cotton Initiative (BCI) standard, and/or have been produced by mills that have joined Cotton LEADS™ as partners, and beauty products that are biodegradable, not tested on animals and free of silicones, sulphates, parabens and colorants.

[DETAILS ON SUSTAINABLY-SOURCED MATERIALS AND PRODUCTS ↪](#)

Stakeholder Engagement

The Group actively promotes environmental awareness amongst employees through our communication and online resources, formal training, a



Li & Fung Limited donated computers to a local orphanage in Turkey.

sustainability speaker series and regular engagement activities.

To promote the Environmental Principles in our supply chains and relations with stakeholders, the Group companies are partnering in a number of non-governmental organizations, industry associations, foundations, and academic organizations including:

- **Business for Social Responsibility (BSR)** and the Fung Academy – continue to share the Water Management Guidelines and other tools to support factories on effective water and wastewater management to both mitigate risk and to identify opportunities for improvement in factories;
- **Sustainable Apparel Coalition** – as a founding member, Li & Fung Limited has been actively involved in the development of the Higg Index, a suite of sustainability tools designed to standardize the measurement of environmental performance of apparel products across the supply chain at the brand, product and facility levels. Li & Fung Limited participated in the SAC's regional and global meetings, provided input on the Higg Analytics platform and worked with a customer and the SAC to pilot Advance Analytics for Higg Index data. As SAC updates the tool, we will support its pilot testing in a number of factories in our supply chain in 2016. We also support the Natural Resources Defense Council and SAC to implement Clean by Design, an initiative to reduce environmental impacts from manufacturing, in several textile mills in China.

- **The Worldwide Fund for Nature (WWF)** – to promote environmental awareness amongst our employees, through activities such as beach clean-up days in collaboration with Coastal Watch; and
- **Business Environmental Council of Hong Kong** and the **Environmental Sustainability Committee of the Hong Kong General Chamber of Commerce** – both of which aim to raise awareness of environmental issues in Hong Kong, as well as share best practices amongst companies.

In keeping with our role as a responsible employer and corporate citizen, we have also introduced programs to raise and encourage greater environmental awareness amongst employees and the community at large. For example, lunch and share sessions, community clean-ups and tree planting activities are regularly organized by our offices.

Anti-corruption

Fung Group of companies are committed to a strict anti-corruption and anti-bribery approach. This policy extends to all employees across the Group, contractors, third parties, business partners and supplier networks across the world. Integrity is embedded within our **Code of Conduct and Business Ethics**, the keystone to how we operate with the highest level of accountability, transparency and governance.

Each Group company's Code outlines a strict set of guidelines on corruption and matters relating to bribery. All employees must sign and abide by the Code. Section 4 of the Code of Conduct and Business Ethics emphasizes the prohibition of bribery and corruption practices by all staff in the countries where the Group operates.

Li & Fung Limited has also developed the **Anti-Bribery Policy and Guidelines on Gifts, Entertainment and Hospitality, and Guidelines on Whistleblowing/Reporting of Concerns**, in support of the Code with all relevant policies available on the company's website. [RELEVANT POLICIES](#) ➔

Whistle-Blowing

Our **Guidelines on Whistleblowing/Reporting of Concerns** enable staff to report actual or potential bribery activities to their direct line manager or directly and confidentially to the Group Chief Compliance and Risk Management Officer. Upon receipt of any concerns or reports under these Guidelines, executive management and Corporate Governance division will follow the investigation process. Furthermore, our Group Chief Compliance and Risk Management Officer reports any concerns raised under these Guidelines, which have significant impact on the Group's business, to the operating company's audit committee on a regular basis. The Group Corporate Governance division audits compliance performance and reports any material non-compliance directly to the operating company boards.

Supplier Code of Conduct

Suppliers to Group companies are required to comply with our **Supplier Code of Conduct**, which includes principles addressing anti-bribery and anti-corruption.

Compliance Training

Compliance training for newly joined and existing staff, and internal audits by the Corporate Governance division, are conducted on a periodic basis to reinforce staff conformance and an ethical culture within the Group. Li & Fung Limited conducted interactive forums, training and individual meetings with management and staff to ensure a culture of good governance, risk identification and compliance is embedded in the operations.

In 2015, there were no material cases of corruption across the Group. The Group employees continued to demonstrate integrity and good ethical behavior across all areas of operation.

Awards and Indices

Our Group companies have been recognized for their achievements in environmental, social and governance (ESG) issues. A few examples of such recognition include the following:

Li & Fung Limited

- “Platinum award in Financial Performance, Corporate Governance, Social Responsibility, Environmental Responsibility and Investor Relations” by The Asset Magazine, 2009-2015
- “Caring Company” by the Hong Kong Council of Social Service, 2002-2016

Global Brands Group Holding Limited

- “Best Investor Relations Company” by Corporate Governance Asia, 2015-2016

Trinity Limited

- “Caring Company” by the Hong Kong Council of Social Services, 2009-2016

Convenience Retail Asia Limited

- “Caring Company” by the Hong Kong Council of Social Services, 2000-2016

In recognition of achievements in all areas reflected in the Ten UNGC Principles, and based on an extensive third-party environmental, social and governance analysis, Li & Fung Limited and Global Brands Group Holding Limited were included in the FTSE4GOOD index series, while both Trinity Limited and Li & Fung Limited were also included in the Hang Seng Corporate Sustainability Index Series in Hong Kong.

Online References

The following online links are sorted in order of appearance:

1. **FUNG GROUP WEBSITE**
2. Sustainability approach per members of the Fung Group of companies:
 - OUR SUSTAINABILITY STRATEGY – LI & FUNG LIMITED**
 - OUR APPROACH – TRINITY LIMITED**
 - CORPORATE RESPONSIBILITY – GLOBAL BRANDS GROUP HOLDINGS LIMITED**
 - OUR VALUES – CONVENIENCE RETAIL ASIA LIMITED**
3. **YOUTUBE VIDEO CHANNEL FOR OUR DIGITAL LEARNING UNITS**
4. **CAPACITY BUILDING AND INDUSTRY COLLABORATION RESOURCES FOR LI & FUNG LIMITED**
5. **SUSTAINABLE SOURCING EXAMPLES FROM LI & FUNG LIMITED**
6. **LI & FUNG LIMITED'S CODE OF CONDUCT AND BUSINESS ETHICS**



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COMMUNICATION ON
PROGRESS

This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.