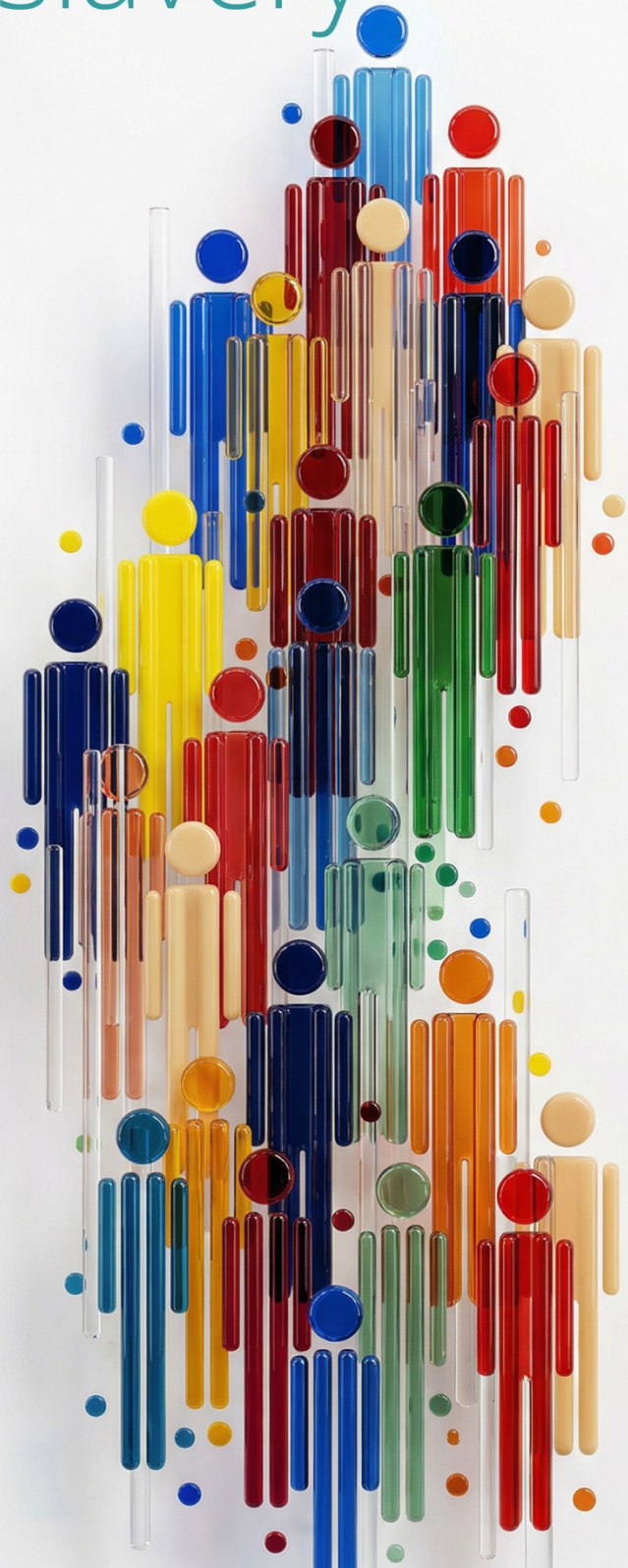


Disclosure statement on modern slavery **2025**

Li & Fung (Trading) Limited





OUR COMMITMENT

I am pleased to present Li & Fung's Tenth Modern Slavery Statement, covering the financial year January to December 2025. It sets out the steps we have taken to identify, prevent, and remediate forced labor risks in our own operations and across our supply chain.

Modern slavery is not an abstract risk in global supply chains. It is a human reality, often made worse by cost-of-living pressure, conflict, climate-related disruption, and displacement. Those forces can push workers into debt, unsafe recruitment channels, and situations where they have too little power to speak up.

This is why our work has to go beyond policy language. Since our first statement in 2017, our responsible sourcing program has moved from a compliance-led model to a more practical, continuous-improvement approach. We collaborate with suppliers to prevent and mitigate exploitation, and with industry partners where one company acting alone will not be enough. For Li & Fung, this is both a responsibility and a source of trust. The market increasingly values companies that can show evidence, not claims that they understand human rights risk, hear directly from workers and act when remediation is required.

In 2025, we strengthened governance across our supply chain and internal operations. We adopted new policies on Forced Labor Prevention & Remediation, Human Rights & Environmental Due Diligence, Grievance Mechanisms, Responsible Recruitment and Occupational Health & Safety. We also delivered large-scale training and capacity building for employees, factories, and suppliers.

We looked inward as well. We extended due diligence into our own recruitment practices by assessing agency and outsourcing partners against responsible recruitment standards, addressing gaps and remedying harm where needed. We continued to use tools such as LUMEN for recruitment

assessment and APPRISE to strengthen worker voice. Technology is useful only when it helps us see risks earlier and respond more responsibly; that is the standard we apply.

Our priorities for 2026 are deliberately focused. We will:

- reinforce governance and policy alignment across our operations and supplier base;
- deepen due diligence and worker-voice mechanisms so risks are identified earlier and addressed more effectively;
- strengthen grievance handling and remediation so affected workers receive timely and appropriate support;
- improve supply chain visibility and supplier capability through collaboration with customers, suppliers, and industry partners; and
- embed responsible recruitment more deeply across our own operations and supplier engagement.

We know the work is difficult. We will not claim that risk has disappeared simply because systems are in place. Our responsibility is to keep improving the systems, to listen when workers raise concerns, and to act with urgency when harm is found. That is how we protect people, strengthen our operating model, and earn the trust with which our business depends.

Joseph Phi

Group Chief Executive Officer

Li & Fung Limited

May 2026

Approved by Li & Fung Limited's Risk Management and Sustainability Committee (RMSC) on behalf of the Li & Fung Limited Board, 15 May 2026 in line with the UK Modern Slavery Act (2015) and the SB657 California Transparency in Supply Chains Act (2012).

2025 Highlights



USD 82,128

Recruitment fees and costs reimbursed to workers.¹



955

Supplier participants trained on modern slavery and forced labor



14,154

Supplier participants trained on key compliance topics



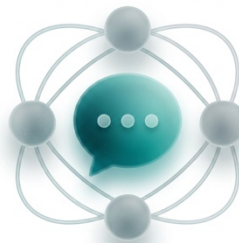
906

Factories monitored by unannounced spot checks including 30 forced labor audits completed by third parties



6

New policies and guidelines adopted on Responsible Sourcing topics



140,963

Responses received via worker voice tools to monitor working conditions and recruitment practices.²

¹ Aggregate total amount reimbursed since Responsible Recruitment Policy was adopted in Nov 2020.

² Aggregate total of worker voice responses received from Apprise since 2019 (Conditions at Work and Recruitment Surveys)

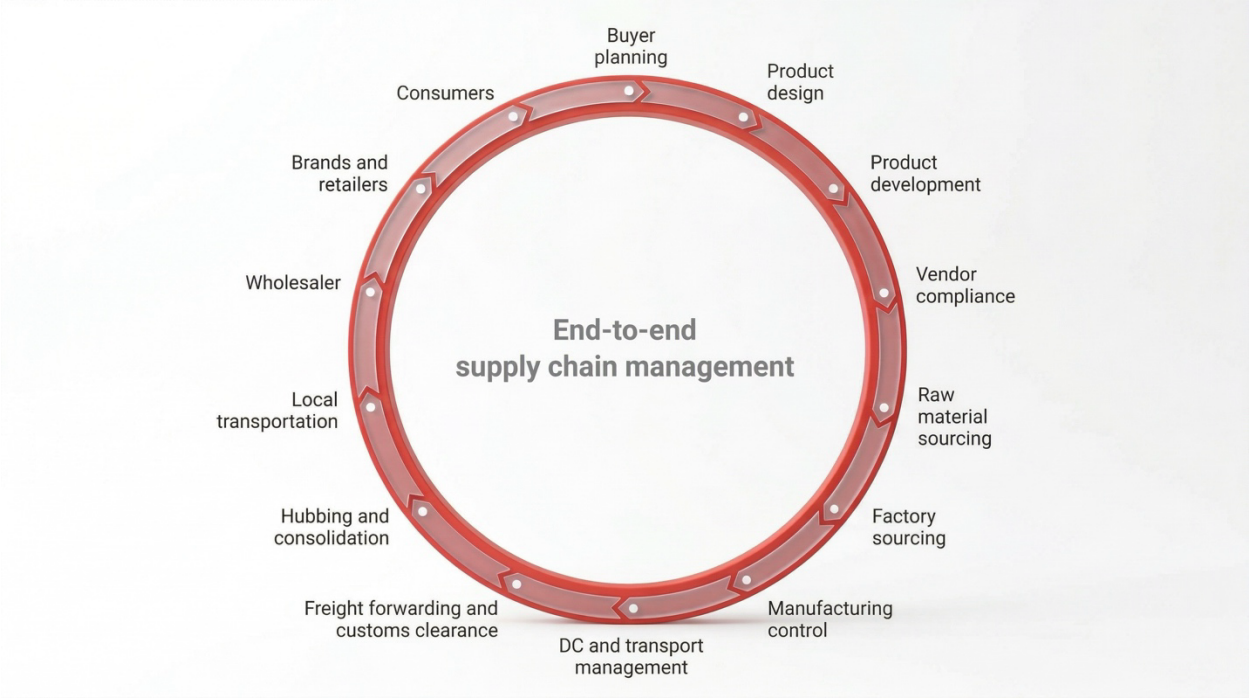
1. Organizational structure, business and supply chains

1a. Organization and structure

Founded in 1906, Li & Fung has evolved from an export trading house into a global supply chain partner for leading retailers and brands. Our trading business comprises Supply Chain Solutions and Onshore Wholesale across the Americas, Europe, and Asia.

We provide end-to-end supply chain services, from product design and raw material procurement to production oversight and quality control, specializing in high volume, time sensitive categories such as apparel, footwear, accessories and household goods.

With nearly 3,568 people in offices across more than 28 economies, we combine market knowledge, operational experience and technology to help partners and customers respond quickly and responsibly to changing demand.



1b. Our Supply Chain

In 2025, we sourced goods from 4,576 Tier 1 factories in 28 production economies, with 896 factories contributing 80% of the value of goods shipped to our customers. These 896 factories represent almost 19% of our total active factories. While the trade landscape continues to change because of geopolitical risks, we make every effort to strengthen relationships with existing factories rather than onboard new ones. In 2026, we maintained long-term relationships (six years or more) with half of the Tier 1 factories in our supply chain.

Figure 1: LF Employees 2025 and Supplier Geographic Distribution 2025

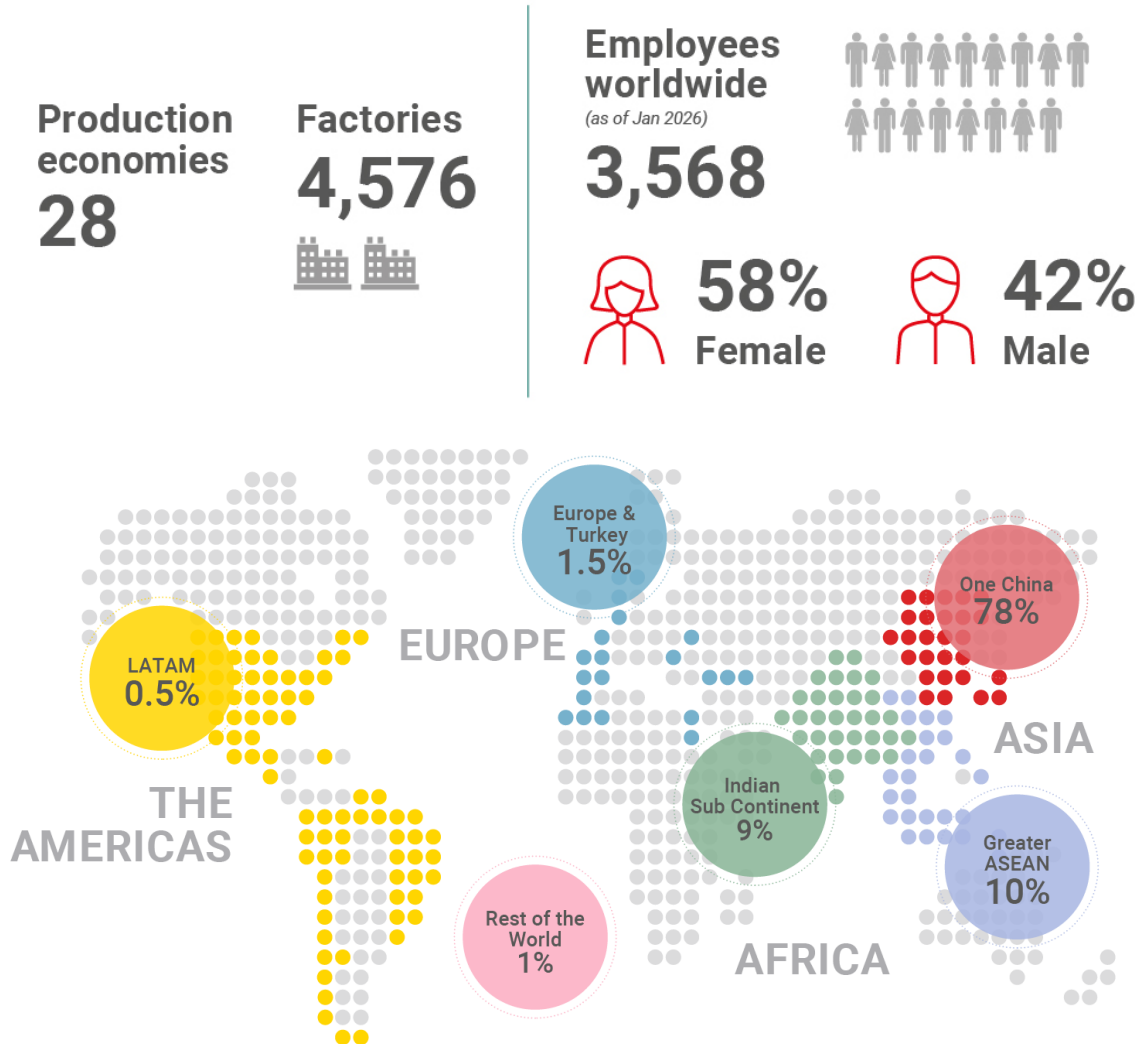
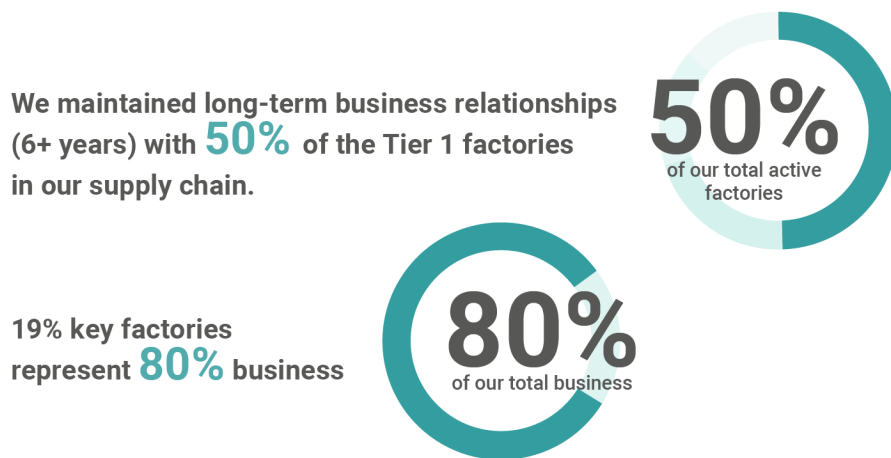






Figure 2: Supplier Business Statistics 2025



Workers in our Supply Chain

Li & Fung uses a variety of mediums such as audit reports and worker surveys to collect anonymized, sex-disaggregated data to better understand the demographics and employment types of workers in the supply chain. This helps to proactively identify potential risk factors of forced labor including marginalization based on gender, identity, employment, and migration status. Table 1 outlines the 2025 statistics from Li & Fung's supply chain.

Table 1: Demographics in Li & Fung's Supply Chain in 2025

 <p>Workers</p>	<ul style="list-style-type: none">• Across all sourcing economies, 57% of workers are women and 43% male.• Indonesia and Vietnam have the highest percentage of female workers. On average 73% of the workforce in those two economies are women.³• India and Pakistan have the highest percentage of male workers. On average 73% of the workforce in those two economies is male.⁴
 <p>Management</p>	<ul style="list-style-type: none">• Across all sourcing economies, 32% of management are women.• Across all sourcing economies, 68% of management are men.• Across Bangladesh, India and Pakistan, an average of 14% of managers are women.
 <p>Contracts</p>	<ul style="list-style-type: none">• Across all sourcing economies, 94% of workers are on permanent contracts compared to 85% in 2022.• Indonesia still has 52% of workers on contractual arrangements.
 <p>Migrants</p>	<ul style="list-style-type: none">• Across all sourcing economies, 98% are local workers and 2% are migrant workers.• China and India have the highest percentage of domestic migrant workers.• Jordan, Taiwan and Thailand have the highest percentage of foreign migrant workers.

How Li & Fung is Empowering Workers

There is a need for Li & Fung to continue to incorporate gender considerations into programs and policies in the supply chain, especially in Greater ASEAN where women make up a greater percentage of the workforce. This means supporting employers to create workplace environments free from harassment, violence and discrimination by improving workers' access to effective grievance mechanisms. It also means working with industry initiatives to create more diverse and flexible career pathways that allow women to grow in their careers.

³ Based on economies with more than five factories.

⁴ *ibid*

As migrant workers are three times more vulnerable to forced labor, Li & Fung plans to continue to implement the principles of responsible recruitment with a focus on economies with a larger percentage of migrant workers, including Taiwan and Thailand.⁵ See section 4B (Monitoring Compliance) to read more on Li & Fung’s efforts to safeguard Responsible Recruitment.

Empowering Women RMG Workers in Vietnam

Li & Fung and two customers are working with the industry initiative RISE, to advance gender equality in four facilities in Vietnam. To date:

- 1,600+ workers have received training to enhance their skills on key topics (e.g. time management, communication, problem-solving)
- 6,800+ workers have been reached through knowledge-sharing channels
- 19% knowledge gain (average)

1c. Modern slavery risk management governance

Li & Fung’s Board is ultimately responsible for the governance of the company’s efforts to tackle modern slavery. To support this, the Board established a Risk Management & Sustainability Committee (RMSC), led by the Group Chairman and comprising Board members. The RMSC meets regularly and invites representatives from key divisions to enhance communication. Its key functions are described in the chart below.

Under the RMSC, an ESG Committee comprising senior business management and heads of support functions (Corporate Sustainability, Vendor Compliance, Human Resources, Corporate Governance, Procurement, and IT) focuses on embedding sustainability initiatives across the organization. Guided by an ESG Committee Charter, this committee directs and supervises the execution of the ESG strategy, and monitors performance.



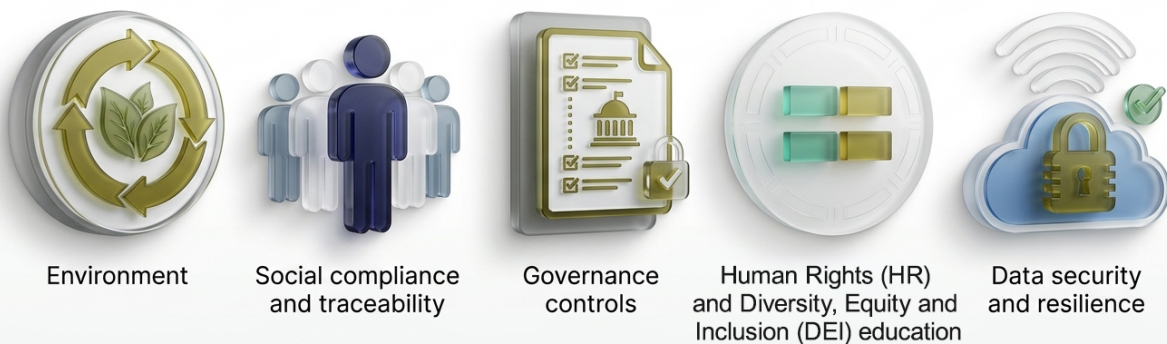
⁵ See Responsible Recruitment box in Section 4b. Monitoring Compliance for details.

ESG Committee
(Management responsible for leading the ESG Strategy)

- Provide direction on the ESG Vision, Objective and Strategy
- Monitor ESG Trends, determine their relevance to the business and integrate as needed into the overall Vision
- Develop and implement ESG initiatives including policies and programs
- Establish ESG KPIs and monitor progress

In 2025, the RMSC met twice to review ESG and sustainability trends, to set priorities and review the company's progress against its goals and targets. At the March 2025 meeting, the ESG Chairperson highlighted key external ESG trends and updates, including by reviewing key EU and U.S. ESG regulatory developments. It noted LF's active participation in industry working groups to support harmonized implementation of emerging and existing legislation.

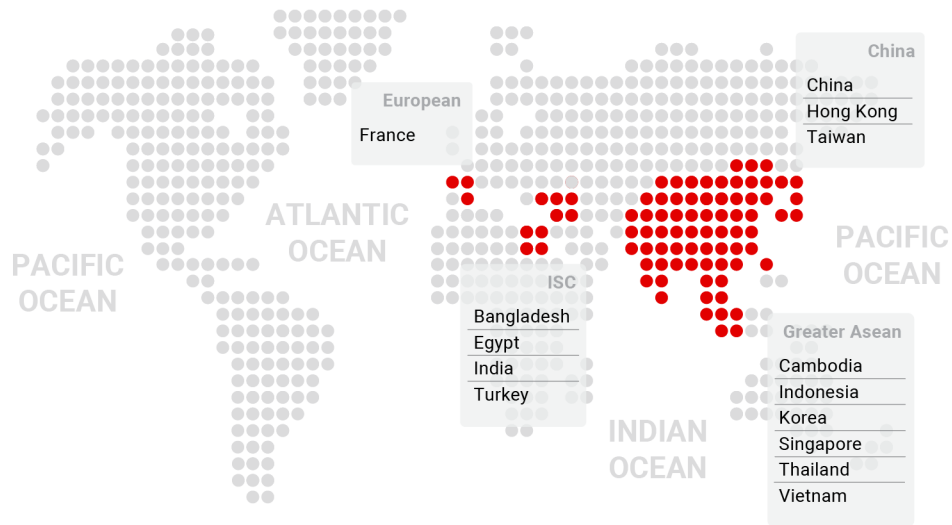
2025 priorities were also set across five areas



At the August 2025 meeting, the RMSC again reviewed regulatory developments noting that the ESG regulatory momentum continued to accelerate globally, while U.S. requirements remain fragmented at the state level. The Chairperson reported on ESG progress for the first half of 2025, noting that Li & Fung reduced its Scope 1 and 2 emissions by 43.3%, exceeding its 2030 target. The update also confirmed plans to launch the company's Responsible Recruitment Guidelines and Human Rights and Environmental Due Diligence (HREDD) policy by the end of December.

The LF Vendor Compliance and Sustainability team is responsible for overseeing our vendor compliance operations and working with customers to strengthen compliance and sustainability performance, including overseeing risk assessments and due diligence measures to end modern slavery. The team has 51 colleagues based in 13 economies – a 6% increase in sustainability resources from the previous year.

Figure 3: VCS Team 2025



Human Resources (HR), Procurement, and Legal teams also play an important role. For example, in 2025 VCS collaborated with Human Resources to organize a recruitment due diligence self-assessment questionnaire with recruitment agencies used by the company and worker surveys for outsourced support staff working across Li & Fung’s offices. These actions are explained further in section 4B (Monitoring Compliance).

2. Organizational policies



Li & Fung’s purpose and core values, including the responsibility to respect Human Rights and address forced labor risks, are mirrored in our Code of Conduct & Business Ethics (the Code)

and Supplier Code of Conduct (Supplier Code). These two policies are communicated internally and externally to relevant stakeholders and are publicly available on the company’s website. The company also has stand-alone policies which outline the company’s position and standards on a particular issue like anti-bribery and whistleblowing. These policies are integrated into the company’s wider governance framework and updated through an iterative process that incorporates changing risk patterns and input from stakeholders.

Li & Fung has policies to address state-imposed forced labor, responsible recruitment, raw material sourcing and trade sanctions.

In 2025, Li & Fung crafted three new supplier-facing policies to better meet growing regulatory requirements and to proactively address salient risk areas.

The image displays three policy cards stacked vertically. Each card has a teal header with the policy name and a light grey body with a description. The first card is titled 'Human Rights and Environmental Due Diligence Policy' and describes the company's commitment to respect human and environmental rights. The second card is titled 'Grievance Mechanism Policy' and describes requirements for suppliers to establish effective grievance mechanisms. The third card is titled 'Occupational Safety & Health Policy' and describes the company's commitment to a safe and healthy work environment.

Policy Name	Description
Human Rights and Environmental Due Diligence Policy	This policy outlines Li & Fung’s commitment to respect human and environmental rights and implement due diligence. It applies both to Li & Fung and business partners. It was developed with expert guidance from the Centre for Child Rights and Business.
Grievance Mechanism Policy	This policy requires suppliers to establish effective grievance mechanisms within their own operations that align with Li & Fung’s principles and standards. It also requires suppliers to facilitate workers’ access to Li & Fung’s own grievance mechanism. The policy applies to all workers regardless of migrant or employment status and was developed with expert guidance from the Mekong Club.
Occupational Safety & Health Policy	This policy re-affirms that the right to a safe and healthy work environment is a fundamental human right. It also ensures suppliers establish a Safety Management System to better safeguard workers’ rights to a safe workplace. It was developed internally with expertise from the VCS Team.

All new policies were reviewed by the company’s Legal and Corporate Governance Departments and approved by the ESG Committee. The VCS team conducted sessions to communicate the policies to suppliers on multiple dates in November 2025, which was supplemented by topic-specific training. For an overview of training on the new policies, please see Section 5 on Training.

Policies are often supported by guidelines, which provide recommendations, administrative instructions and best practice guidance to concerned parties. In 2025, Li & Fung adopted three new guidelines to support key policies:

1. **Li & Fung Grievance Mechanism Guidelines** complement our grievance policy by providing practical steps for suppliers to establish and implement effective grievance mechanisms in their operations. The Guidelines are further supported by a **Grievance Handling SOP** for Li & Fung staff which helps standardize the company’s internal processes. 35 members of the VCS team members were trained on the SOP.
2. **Forced Labor Prevention & Remediation Guidelines** These newly developed guidelines provide clear recommendations and actionable steps to prevent and remediate forced labor. They emphasize the company’s Zero Tolerance Policy, and promote preventive measures, effective remediation processes, stakeholder engagement and accessible grievance mechanisms.
3. **Responsible Recruitment Guidelines** offer suppliers practical guidance and actionable steps for addressing recruitment-related challenges, including the reimbursement of recruitment fees to workers.

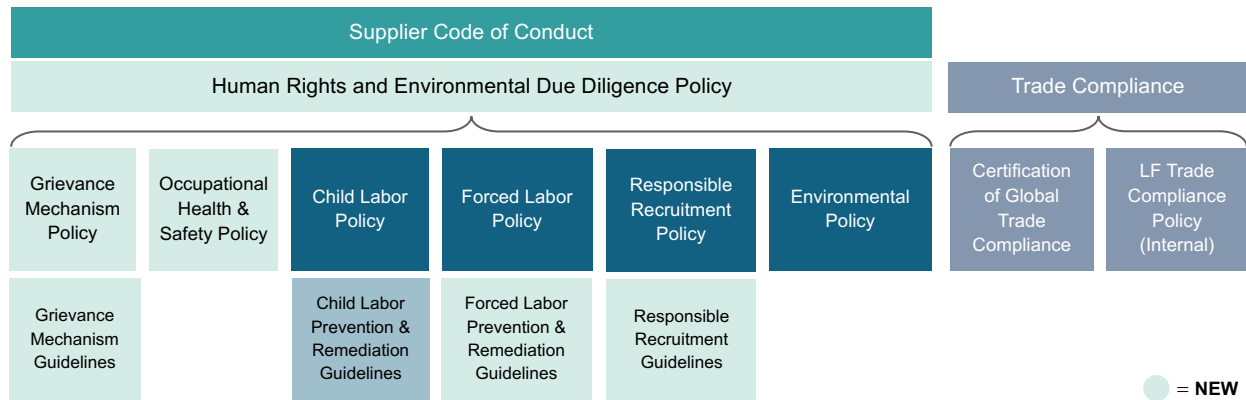


Table 2: Policies for Li & Fung Staff

Name	Purpose	Governance
Code of Conduct & Business Ethics (The Code)	Sets standard of conduct for all employees, including upholding human and labor rights.	All employees learn about the Code and the accompanying policies during onboarding. Refresher training provided annually.
Trade Compliance Policy	Requires Li & Fung and its staff to not engage in transactions that violate sanctions, import/export controls, or other international trade laws.	All employees learn about this policy through mandatory e-learning.

Table 3: Policies for Business Partners & the Supply Chain

Name	Purpose	Governance
<u>Supplier Code of Conduct (Supplier Code)</u>	Sets standard of conduct for suppliers with provisions on human and labor rights.	All suppliers must read and sign the Supplier Code on the Total Sourcing Platform. It is updated once every two years. A shortened version of the Code is available in thirteen different languages.
<u>Combatting Forced Labor Policy and Guidelines</u>	Requires explicit confirmation from suppliers that they do not engage in any form of forced labor including state-imposed forced labor.	All suppliers must read and sign the policy on our Total Sourcing Platform.
<u>Responsible Recruitment Policy and Guidelines</u>	Sets out requirements on responsible recruitment in line with the ILO General Principles and Operational Guidelines for Fair Recruitment and the American Apparel and Footwear Association (AAFA) Pledge on Responsible Recruitment.	All suppliers must read and sign the policy and guidelines on the Total Sourcing Platform. Agencies must provide written acknowledgement as a prerequisite for working with the company.
Certification Letter for Compliance with Global Trade Regulations	Sets out requirements on traceability and transparency in relation to raw materials.	All suppliers and staff must read and sign this letter as part of Supplier Code package on the Total Sourcing Platform.
<u>Child Labor Policy and Guidelines</u>	Provides a comprehensive approach to preventing child labor in the supply chain and outlines expectations on remediating identified child labor cases.	All suppliers must read and sign the policy on the Total Sourcing Platform.
<u>Grievance Mechanism Policy and Guidelines</u>	The policy ensures suppliers establish effective grievance mechanisms within their own operations and requires suppliers to integrate Li & Fung's grievance mechanism into their own operations.	These policies were rolled out to suppliers in November 2025. All suppliers must read and sign the policies on the Total Sourcing Platform by March 2026.
<u>Human Rights and Environmental Due Diligence Policy</u>	This policy outlines Li & Fung's commitment and approach to assessing and addressing risks and harms. It also applies to business partners.	
<u>Occupational Health & Safety Policy</u>	This policy is supplementary to the Li & Fung Supplier Code of Conduct. It mandates that suppliers establish comprehensive Occupational Health and Safety (OHS) management systems, policies and practices.	

3. Assessing and Managing Risk

3a. Our approach to assessing and managing risk

The apparel and home goods industries contribute significantly to global economic growth and employment, with the apparel sector alone employing more than 90 million people worldwide. However, concerns about working conditions across global supply chains have persisted, particularly in countries with weak governance systems.⁶

Within this context, forced labor remains a critical issue. Some workers, especially migrant workers, are subjected to debt bondage, wage withholding, and excessive overtime under threat or coercion. According to International Labour Organization (ILO) estimates, debt bondage accounts for approximately 14 per cent of all forced labor cases in the manufacturing sector.⁷

In response to these risks, and in line with the UN Guiding Principles and the OECD Due Diligence Framework, Li & Fung conducts bi-annual risk assessments to identify and manage the most salient modern slavery risks to workers and inform broader due diligence activities.

The risk assessment covers country risks - including data that examines the robustness of relevant laws, employment patterns, gross national income, presence of conflict risk; Operational and sector risks connected to Li & Fung’s supply chain, including raw material risks; and compliance risks, including suspected or actual cases of forced labor, self-assessment tools, worker voice data, incident and grievance reports. This supply chain risk assessment process is owned by the VCS Team.

Country Risks	Operational & Sector Risks	Compliance Risks
<ul style="list-style-type: none">• Walk Free Global Slavery Index• ITUC Survey of Violations of Trade Union Rights and ITUC Global Rights Index• ILO Statistics on the Informal Economy	<ul style="list-style-type: none">• Know the Chain Apparel & Footwear Benchmark• AMFORI ESG Risk Compass• Sedex Radar• Better Work Annual Reports• US List of Goods Produced with Forced Labor	<ul style="list-style-type: none">• APPRISE data• diginexLUMEN data• Social audit reports• Incident reports• Grievance data

Li & Fung uses the results of its risk assessment to:

- Focus due diligence activities on areas which are likely to cause the most severe and likely impacts on stakeholders; For example, in 2026, Li & Fung focused its forced labor spot checks on geographies such as Bangladesh, Cambodia, China, etc. which scored higher in the company’s risk assessment.

⁶ ILO, Report on Decent Work in Global Supply Chains, ILC.105/IV, 2016.

⁷ ILO Brief *Advancing Decent Work in Supply chains Decent Work Challenges and Opportunities in the Textiles and Clothing Sector*, March 2025.

- Guide how due diligence is conducted. Findings from the risk assessment help Li & Fung to tailor its typical processes and strategies and ensure due diligence is effective and responsive in high-risk circumstances. Enhanced due diligence may, for example, mean using technology to undertake a review of new suppliers or to screen media reports or open-source records of existing ones.

3b. Using Technology to assess and monitor risk

Beyond the use of traditional tools, Li & Fung has invested in advanced technologies for supply chain mapping and traceability, screening existing and new suppliers, collecting and monitoring data as part of its ongoing risk assessment processes, and identifying and remedying grievances. This section outlines three key tools that Li & Fung regularly uses to assess and address risk in the supply chain.

Using diginexAPPRISE to amplify worker voice

We collect worker feedback through an app called **APPRISE**. This worker voice tool, operated by **Diginex**, uses targeted modules on working conditions, gender equality, and responsible recruitment to enable early detection of workplace risks. The app uses a multilingual survey interface with voice functionality to effectively break down language barriers, allowing us to reach even the most vulnerable worker groups. We use APPRISE in three main ways:

1. We deploy surveys as part of our recruitment due diligence process via LUMEN (see below section on diginexLUMEN for details).
2. We roll out the surveys as part of our regular spot-check process, targeting higher-risk businesses. This includes using APPRISE as part of initial pre-visits to a facility or as remediation follow-up visits.
3. We request factories outside of the audit cycle to conduct standalone surveys with their workers. The factory will post a survey QR code for at least 3 months and encourage workers to complete the survey.

In 2025, Li & Fung deployed APPRISE with 808 factories across ten economies⁸ and received a total of 21,557 responses. Survey data helped Li & Fung to identify key compliance issues related to recruitment fees & costs, employment contracts and health & safety.

⁸ Bangladesh, Cambodia, China, India, Indonesia, Jordan, Macau, Thailand, Türkiye, Vietnam.

APPRISE in Figures



Using diginexLUMEN to promote responsible recruitment

In line with our commitment to responsible recruitment, Li & Fung uses LUMEN, a third-party platform, to map its labor supply chain and ensure stronger due diligence over the recruitment process.

The platform includes a detailed review of recruitment and employment policies and processes for suppliers and labor recruiters and an integration with the worker-voice tool APPRISE to hear directly from workers whether they have experienced any forced labor red flags. The data collected from these three parties is then triangulated to identify risk areas.

Li & Fung started using this platform in 2021, first by deploying it with facilities that employed foreign migrant workers including in Jordan, Macau, Malaysia, Taiwan, Thailand and Türkiye. From 2024-2025, Li & Fung expanded its deployment to include countries with a high-degree of internal migration – specifically China and India. In 2025, Li & Fung deployed LUMEN with 45 factories across four economies.⁹

The data from LUMEN has helped Li & Fung to evaluate supplier policies and processes on responsible recruitment. A key outcome from this work has been 100% coverage of participating suppliers with acceptable Responsible Recruitment Policies that include provisions on no-fee charging to workers. Longer-term, the data from LUMEN also helps us measure the effectiveness of our strategy and progress on key areas such as worker payment of recruitment fees and costs.

⁹ China, Taiwan, Thailand, and Türkiye.

LUMEN in Figures



4
Economies



45
Factories

Using Sayari Graph to strengthen supplier risk screening and due diligence

In 2025, we utilized Sayari to enhance our supplier risk screening and due diligence processes across both existing and prospective suppliers and factories. As part of our onboarding and enhanced due diligence activities, we screened 1,735 potential suppliers across 35 economies to identify potential hidden or elevated risk indicators.

Through this screening, 205 suppliers were flagged for potential risk concerns. These cases were escalated for further review, and additional due diligence was conducted based on risk indicators. This enabled a more targeted and risk-based approach to supplier assessment during the onboarding phase.

As part of this enhanced due diligence, 18 suppliers were requested to disclose supply chain maps extending to their raw material providers for products supplied to LF. Using Sayari screening results alongside a review of the full supply chain maps provided, no immediate risks were identified across the disclosed upstream supply chains.

This approach supports a more comprehensive understanding of supplier risk beyond direct relationships and strengthens our ability to identify and address potential issues early in the supplier lifecycle.

Sayari Graph in Figures



35
Economies



1735
Prospective Suppliers

3c. Supply Chain Mapping, Traceability and Transparency

While activities to assess and manage risk have historically focused on the parts of the supply chain which are within a company’s direct control, or where the most leverage existed, the UNGPs recommend that companies prioritize areas with the greatest potential for harm.

At Li & Fung we recognize there is a need to address forced labor risks in the lower tiers of the supply chains, particularly in raw material production and informal agricultural activities – where risk is most concentrated. While agricultural-based materials such as cotton and leather can be considered high-risk, we are currently focusing on cotton because of its importance to our value chain and its level of saliency.

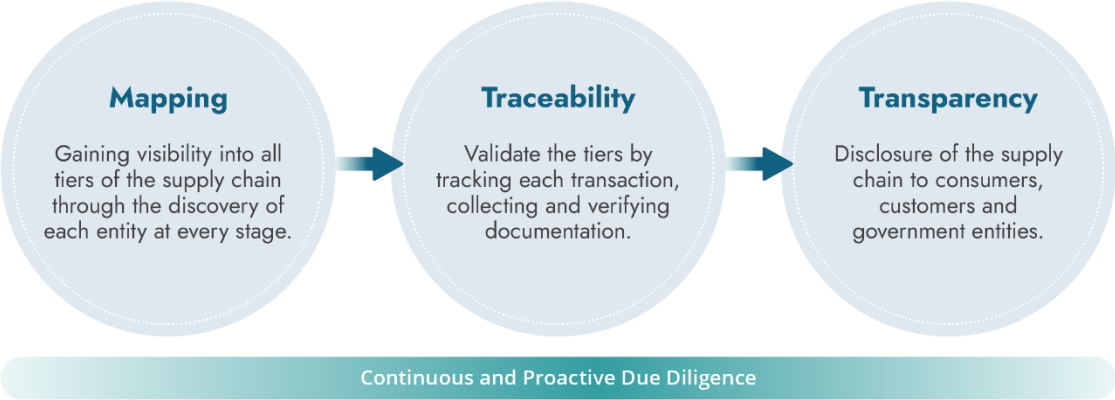
Cotton production in Africa, Asia, and South America has in the past been associated with forced and child labor, driven by labor-intensive practices, reliance on smallholder farms and weak oversight. The table below provides a high-level overview of key risks at the raw material level for cotton.

Cotton-Producing Countries at a Higher-Risk of Forced Labor
2025 Results



To adequately address these risks, Li & Fung has been progressively working to gain visibility into its supply chain, by increasing our percentage of certified cotton and tracing specific product lines. We have a strong understanding of our tier 1 (direct) suppliers and are continuing to understand and map our supply chains at tier 2 (indirect) and below.

Key steps to understanding risks in the lower tiers include:



Tier 1 suppliers are key partners in the process and are critical to the success of supply chain mapping. Li & Fung has progressively implemented policies to help ensure that suppliers comply with supply chain disclosure requirements. For example, the Certification Letter for Global Trade Regulations Compliance requires suppliers to map, trace, and monitor their own supply chains to identify all locations involved in the production of raw materials, inputs, or finished products for Li & Fung and its customers, and to ensure that no forced, indentured, or child labor is used. Suppliers are also required to provide confirmation and supporting documentation demonstrating that materials and goods were not mined, produced, or manufactured, wholly or in part, using forced labor.

The Supplier Code of Conduct also requires suppliers to conduct due diligence to identify all business connections in respect to sanctioned entities, and to put appropriate policies and procedures in place to better detect and prevent forced labor. Suppliers are responsible for ensuring robust due diligence on their next-tier suppliers (Tier 2 and beyond) and complying with Li & Fung’s required standards.



CASE STUDY: **Traceability** in Practice

As customer and regulatory expectations around supply chain transparency continue to rise, building a clear and consistent framework for traceability has become essential. At Li & Fung, this means going beyond compliance to create meaningful visibility into where and how products are made.

To support this effort, Li & Fung leverages its Transparency for Supply Chain (T4S) platform to strengthen supply chain mapping and chain-of-custody processes. Through T4S, the company systematically collects and verifies documentation at every stage of production - from identifying the roles of entities within the supply chain, to confirming the origin and control of raw materials and component parts, to capturing detailed transaction records such as purchase orders. During the reporting period, traceability mapping was conducted across two customer programs. In total, 59 vendors and factories, including mills, were engaged in the process. The team mapped 110 unique styles, representing 241 purchase orders, and traced 123 unique styles linked to 277 purchase orders.

These efforts provided Li & Fung and its customers with deeper visibility into supply chain relationships and production flows. Most importantly, the work strengthened understanding of cotton sourcing within the supply chain. The majority of traced cotton originated from Brazil and the United States, two of the world's leading cotton producers. By combining structured processes with collaborative supplier engagement, Li & Fung continues to enhance transparency and reinforce responsible sourcing across its global network.

4. Due diligence in relation to modern slavery

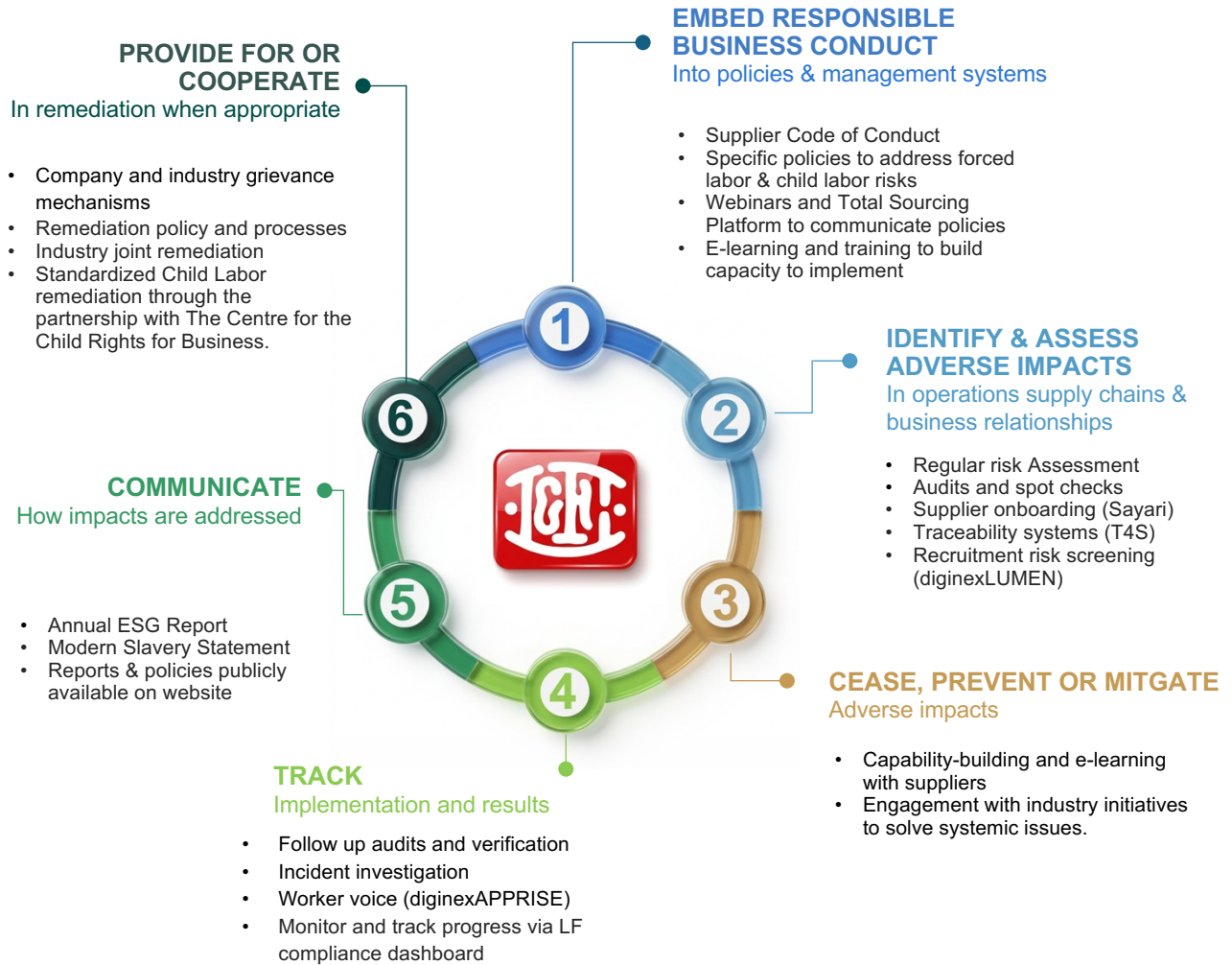
4a. Our Approach

We recognize the importance of robust due diligence in assessing and addressing human rights and environmental risks and impacts.

Our Responsible Sourcing (RS) Program governs how we manage risks with suppliers and is grounded in UN Guiding Principles for Business and Human Rights.

Our approach follows the OECD Due Diligence Framework for Responsible Business Conduct.

1. It begins with the **embedding of responsible business conduct** in our supply chain through the Supplier Code of Conduct, and other specialized policies and guidelines on key topics.
2. To **identify risk**, we conduct regular risk assessments, invest in rigorous suppliers' audit, including using technology platforms during the supplier screening process, and traceability systems to identify risks in the upstream supply chain.
3. To **cease, prevent and mitigate** risks we invest in capacity-building for staff, suppliers and workers in our supply chain and engage with industry partnerships to address system issues at scale.
4. We conduct follow up audits and verification to **track** whether the actions we are taking are effective in preventing or mitigating harm.
5. This includes using worker voice tools to proactively identify issues. We **communicate** how impacts are being addressed through key reports such as our ESG Annual Report and Modern Slavery Statement. We also make sure our reports and policies are publicly available on our website.
6. Finally, processes in place, including effective grievance mechanisms (e.g. FaceUp), and policies to enable **remediation** in relation to human rights impacts.



4b. Monitoring Compliance

The Li & Fung Supplier Code of Conduct emphasizes that we have a zero-tolerance approach to all forms of forced labor. Compliance with the Supplier Code is assessed by a designated third-party audit firm. All our Tier 1 suppliers are audited according to a timeline, which varies according to their level of risk. In the case of a forced labor finding, orders are immediately suspended and would only be reinstated where we see genuine commitment and efforts to improve with meaningful remediation by the supplier.

Li & Fung accepts audits from nine recognized social and/or environmental compliance standards bodies that meet our requirements as part of our audit “equivalency” program.¹⁰ This mutual recognition program has significantly reduced audit duplication and allows supplier resources to be reallocated to the sustainable improvement of critical issues.

¹⁰ Better Work, BSCI, FLA SCI, ICTI, RBA, RJC, SA8000, SMETA, WRAP

As part of the assurance program on factories approved through the equivalency program, Li & Fung and designated third-party audit firms conduct unannounced spot checks on factories. Factories are selected based on different risk criteria including country/region, red flags (identified through technology risks tools), compliance history, and the presence of vulnerable groups of workers. When conducting spot checks for forced labor, we use third parties trained on the issue to engage with both factory management and workers to help identify any concerns.

We undertake targeted spot checks on high-risk parts of the supply chain. An entity may be considered high-risk owing to a variety of factors including its location, worker demographics, and compliance history. In 2025, Li & Fung and its partners conducted unannounced spot checks on 906 factories across 11 economies. This figure includes 28 facilities in the lower tiers and 30 factories that were audited using a specialized forced labor audit program.



SPOTLIGHT:
Responsible Recruitment
Due Diligence

Li & Fung is committed to ensuring that recruitment respects, protects, and fulfills internationally recognized human rights. Our responsible recruitment efforts focus on developing policies, guidelines, tools, and training, as well as remediating any harm.

In October 2018, Li & Fung became a signatory to the AAFA and FLA Commitment to Responsible Recruitment. The initiative was launched to address risks faced by migrant workers in the global textile, apparel, and footwear supply chain. Li & Fung also signed the refreshed pledge in 2023, which aimed to further strengthen protections for migrant workers.

Shortly after signing the initial pledge, Li & Fung adopted its first supply chain Responsible Recruitment Policy. Since its adoption, 4830 suppliers have signed the policy. The policy was then updated in 2024 to align with the refreshed AAFA pledge. In 2024, Li & Fung's Human Resources team extended the policy to its own operations, requiring all recruitment agencies working with LF to adhere to the Employer Pays Principle (EPP). It also ensures workers receive contracts in their native languages, retain possession of identity documents, and have access to effective grievance mechanisms.

Both Li & Fung's VCS and Human Resources (HR) teams use the platform diginexLUMEN to assess the recruitment policies and practices of business partners. In 2025, VCS deployed LUMEN with 45 factories across five economies.¹¹ HR used diginexLUMEN to assess four recruitment agencies in three economies.¹² Through this assessment, HR identified gaps

¹¹ Economies were China, India, Taiwan, Thailand, and Türkiye. See Section 3b on New Technology for more details.

¹² China, Hong Kong, India.

either in policy or practice in key areas including retention of identity documents, EPP and grievance mechanisms. Li & Fung's HR teams will work with all active recruitment agencies to include EPP in the company's service agreements as well as to improve the other identified gaps.

The Human Resources teams also used the worker voice tool APPRISE to better understand worker experiences around recruitment practices. The tool gathered inputs from 65 outsourced workers who work in Li & Fung offices from 13 companies in nine economies.¹³ The findings showed concerns around retention of identity documents, provision of employment contracts and payment of recruitment fees and costs. As a next step, Li & Fung is working with outsourced companies to assess recruitment fees and costs paid in each one of these economies and ensure it is covered in costs paid to the agency. We are also promoting the use of the FaceUp grievance mechanism to all outsourced services staff working in Li & Fung's offices.

Training has been a central part of Li & Fung's approach. Following the AAFA pledge in 2019, the company partnered with IOM in Thailand and Verité in Taiwan to provide multi-day, in-person training for suppliers on responsible recruitment. This program has since expanded to include the annual deployment of e-learning, webinars, and in-person training for both staff and suppliers on responsible recruitment with a focus on high-risk economies. Every year Li & Fung, in collaboration with key industry partners such as Better Work, Sedex and Amfori train almost a thousand participants across hundreds of supplier sites across the globe on responsible recruitment and forced labor prevention.

Impact

Between 2020 and 2025, Li & Fung identified and remediated at least twelve cases of worker-paid recruitment fees across seven economies—Cambodia, Indonesia, Macau, Philippines, Taiwan, and Thailand—reimbursing at least USD 82,128 in unauthorized fees and costs. These efforts demonstrate Li & Fung's ongoing commitment to ethical recruitment and the protection of worker rights across its supply chain.

4c. Grievance Mechanisms

Li & Fung Grievance Mechanisms - FaceUp

Li & Fung recognizes that grievance mechanisms are essential to protecting workers' rights and ensuring their voices are heard throughout the supply chain. Such mechanisms enable the early identification, prevention, and remediation of workers' issues and concerns, and demonstrate that workers' perspectives are valued and taken seriously by management.

¹³ Bangladesh, China, Hong Kong, India, Taipei, Netherland, Türkiye, UK, and Vietnam.

When these mechanisms are not functioning, workers are less able to raise concerns, increasing the risk of dissatisfaction and unresolved issues.

In 2023, Li & Fung implemented a third-party grievance and whistleblowing platform called FaceUp. It allows concerned stakeholders, including staff and workers in the supply chain, to confidentially and securely report issues such as forced labor, in multiple languages.



In 2025, Li & Fung focused on finalizing Face Up's enabling framework. As a first step, the company partnered with the Mekong Club, a business-focused organization working to combat modern slavery, to develop a new Grievance Mechanism Policy. The policy requires suppliers to establish effective grievance mechanisms aligned with the company's principles and standards, and to facilitate workers' access to Li & Fung's own mechanism. It includes practical implementation guidelines for suppliers.

In parallel, Li & Fung implemented a Grievance Handling SOP to standardize internal processes. This included providing training and working closely with operational staff to ensure timely, confidential responses without fear of retaliation.

Li & Fung also provided training and tools to suppliers on the different grievance mechanisms available in their workplace, which includes both Face Up as well as industry grievance mechanisms. As part of these efforts, 145 suppliers completed a self-assessment of their grievance mechanisms as a pathway to understanding their maturity level and to address gaps. LF also delivered training on Grievance Mechanisms to 733 suppliers, with a total of 1,170 participants. Furthermore, Li & Fung worked with suppliers to raise awareness among rights-holders on how and why to access the grievance mechanisms.



CASE STUDY:
Grievances Received
through **FaceUp**

In 2025, LF received two grievances through the FaceUp platform.

The first case involved a whistleblowing report from an employee of a supplier in Bangladesh, alleging harassment by local individuals outside the factory premises. Even though LF and the concerned supplier did not have a business relationship, the LF team still tried to raise the matter with management. The management of the supplier site issued a notice to workers outlining actions taken to address the issue and reinforced internal training - including guidance on reporting external incidents and promoting safe conduct.

The second case concerned an LF factory in India and involved a complaint about a third-party quality inspector's behavior. The issue was escalated to the relevant company for review and follow-up.

External Grievance Mechanisms (Industry and Multi-stakeholder Initiative)

Li & Fung has also been strengthening grievance mechanisms through industry partnerships to provide workers in our supply chain with more trusted channels to raise concerns. For example, we continue to collaborate with amfori's Supply Chain Grievance Mechanism, "Speak for Change", which operates in Bangladesh, Cambodia, India, Türkiye and Vietnam. This mechanism allows workers to submit anonymous complaints through three channels — telephone, website, or mobile app to safeguard accessibility and confidentiality.

In 2025, eight grievances were received through different grievance channels but after investigation only six were confirmed. The table below summarizes the confirmed grievances, along with their remedial actions. Two cases were confirmed as forced labor, which is detailed further in Table 4 below.

Table 4: Industry and Customer Grievances (2025)

Type of Grievance Mechanism	Economy	Topic	Action
Industry Association	Bangladesh	Structural concerns with building	Experts and key stakeholders reviewed structural concerns and made the necessary repairs.

Multi-stakeholder Initiative (MSI)	Bangladesh	Non-payment of wages	The MSI undertook an investigation and the complainant received all outstanding wages.
Multi-stakeholder Organization	Bangladesh	Forced labor	See table five below for details.
Customer	Bangladesh	Non-payment of wages	An investigation took place and the complainant received all outstanding wages.
Industry Association	Bangladesh	Non-payment of wages	An investigation took place. All outstanding wages were provided to affected workers.
LF Subsidiary	Türkiye	Forced labor	See table five below for details.

4d. Steps the company has taken to address and remedy modern slavery

In 2025, there were three cases with medium and strong indicators of forced labor in our supply chain – one in Bangladesh and two in Türkiye. The case studies below summarize the cases, means of identification, indicators and steps taken to remediate the harm.



The ready-made garment (RMG) industry in Bangladesh operates in a highly competitive global market. Limited capacity forecasting and production planning practices often result in an increasing reliance on overtime to meet tight deadlines.

Excessive overtime presents significant operational, reputational, and human capital risks. Prolonged working hours can negatively impact employee health, safety, and productivity, while contributing to higher turnover and potential non-compliance with labor standards.¹⁴

In 2025, LF and their customer became aware of a complaint concerning forced labor at a supplier site in Bangladesh. The supplier, operating in the RMG sector, employed over 2,700 workers. The complaint was submitted through a grievance mechanism managed by the RMG Sustainability Council (RSC), a tripartite initiative created to build on significant

¹⁴ www.ilo.org/sites/default/files/wcmsp5/groups/public/@asia/@ro-bangkok/@ilo-dhaka/documents/publication/wcms_735614.pdf

advancements in workplace safety in Bangladesh. The complaint alleged that workers were required to perform excessive overtime and were subjected to verbal abuse if they refused.

In follow up, the tripartite-led organization undertook a detailed investigation, which included interviews with workers. The organization and all concerned parties worked together with the facility to develop a remediation plan, which included disciplinary action against the individuals involved in the verbal abuse and putting in place improved management systems and processes to prevent and mitigate the risk of excessive working hours.

The remediation plan also included strengthening worker knowledge and access to and trust in all available grievance mechanisms, including the RSC's but also the supplier's grievance mechanism and its various channels (hotline, grievance box, PC Committee, Welfare Officer etc.). To prevent re-occurrences in the future and to improve an overall understanding of the topic, the supplier will also engage a third-party to provide training on how to improve overall safety and respect in the workplace.



CASE STUDY:
Forced Overtime
in Türkiye

Like everywhere in the RMG sector, excessive overtime is also an issue in Türkiye. Especially in larger urban centers such as Istanbul, increases in the statutory minimum wage have not compensated for the falling purchasing power of wages. This means that many workers may feel compelled to work overtime. The sector has also faced a particularly challenging year with many suppliers closing down and moving to other countries to reduce labor costs.

In 2025, two cases of forced labor were identified in Türkiye - one through a customer audit and a second through an LF subsidiary grievance mechanism.

In the first case, production employees were pressured to work overtime by their supervisors. Investigations took place, and although no incidents of forced overtime were reported, Li & Fung provided Supervisory Skill Training for management and is providing additional audits on the factory to monitor for any additional red flags.

In the second case, a factory employee used a grievance mechanism to report forced overtime from the new management. Li & Fung visited the factory to conduct an investigation, interviewing workers and conducting refresher COC training to the compliance officers, focusing on working hours and forced labor prevention. In follow-up interviews with workers, it was confirmed that key systems such as the factory’s operational-level grievance mechanism have been strengthened and there are no longer forced overtime pressures.

Worker-Paid Recruitment Fees & Costs

In addition to the above, there were six cases which involved worker payment of recruitment fees and related costs. Flawed recruitment processes are a major contributory factor in migrant workers’ exploitation, with many migrant jobseekers paying recruitment fees and costs to secure or maintain their employment abroad. The table below shows the breakdown of the USD 370 that was reimbursed to workers in 2025.

Table 5: Reimbursement of Recruitment Fees and Costs

Economy	Fee Type	Reimbursed (USD)	Remediation Status
Cambodia	Unauthorized Recruitment Fee	270	Workers reimbursed
Indonesia	Unauthorized Recruitment Fee	Pending	Remediation ongoing
Türkiye	Medical Examination	100	Workers reimbursed
Türkiye	Medical Examination	Pending	Remediation ongoing
Türkiye	Medical Examination	Pending	Remediation ongoing
Türkiye	Medical Examination	Pending	Remediation ongoing

5. Training

Training is an important vehicle for ensuring staff, business partners and other key stakeholders have the appropriate tools and know-how to assess and address human rights violations within our operations or supply chain. We use a range of mediums including e-learning, webinars and in-person training delivered in-house or by external experts to reach our training goals.

5A. Staff training

Staff are required to take nine compliance-related e-learning trainings, including one on forced labor and one on child labor. The table below shows company-wide completion rates for each training up to the end of December 2025.

Table 6: Staff E-Learning

Course Name	Launch Date	Completion Rate
Code of Conduct and Business Ethics (2024)	Dec 24	95%
Anti-bribery Policy	Dec 24	94%
Guidelines on Entertainment and Hospitality	Dec 24	94%
Guidelines on Whistleblowing	Dec 24	94%
Trade Compliance Policy	Dec 24	94%
Anti-Harassment and Anti-Discrimination Policy	Dec 24	94%
Supplier Code of Conduct	Oct 23	92%
Child Labor Remediation	Oct 23	92%
Recognizing Modern Slavery	Oct 23	91%

During the reporting period, Li & Fung also delivered ten targeted training sessions across Bangladesh, Indonesia, and Türkiye for more than 200 Li & Fung staff. Training topics included Responsible Exit Guidelines, Forced Labor Indicators, Grievance Mechanisms, Child Labor Prevention, Human Rights Due Diligence (HREDD), and Supplier Code of Conduct requirements.

These programs enhance our teams' capacity to detect red flags, support responsible remediation, and uphold labor standards across our supply chain.

5B. Supplier training

In 2025, Li & Fung's VCS Team and industry partners such as the ILO-Better Work Program and amfori, trained suppliers on key topics including Human Rights and Environmental Due Diligence (HREDD), Traceability, Health & Safety and Labor Practices. In total, 14,154 participants across 2,772 suppliers were trained as per below.

Table 7: Supplier Training (Webinar & In-Person)¹⁵

Training Topic	# of Sessions	# of Suppliers	# of Participants
Health & Safety	81	989	2520
HREDD	12	794	1223
Supplier Code of Conduct	16	721	1206
Labor Practices	290	1954	7062
Traceability	5	29	53
Others	197	929	2090
Total	601	2772	14154

¹⁵ Combined numbers for VCS and External training.

Li & Fung and its industry partners hosted 23 training sessions for 625 suppliers and 955 participants on forced labor.



Mandatory E-Learning

Suppliers are also required to undertake three e-learning courses on Li & Fung's Total Sourcing Platform. All three training programs were launched in 2023 as a means of providing additional awareness and understanding of how to adhere to the Supplier Code of Conduct. Suppliers cannot do business with the company without having completed the training. The chart below shows how many additional people and suppliers have been trained on these courses in 2025, building on previous training efforts from the past two years.

Course Name	# of Trainees	# of Suppliers
 Child Labor Prevention & Remediation	1,898	540
 Recognizing Forced Labor	1,896	536
 Supplier Code of Conduct	1,898	537

6. Partnerships

We recognize the importance of working collaboratively to address business practices and systemic harm that are at the root of many forced labor risks. We build partnerships where we see opportunities to catalyze new initiatives, strengthen existing efforts, leverage shared influence, and learn from diverse perspectives.

Auditing and Factory Services

Third-party auditors continue to play a fundamental role in supplier risk management. As part of our objective to influence industry-wide change, one of our Human Rights team members holds a board position at amfori and another holds a position on Sedex’s Strategic Advisory Committee.



We partner with amfori to promote ethical and sustainable supply chains through BSCI standards, used by over 66% of Li & Fung suppliers in 2025.

We also support amfori's Speak for Change initiative, which allows workers to report grievances anonymously, helping members address issues like workplace abuse and safety.

In 2025, amfori trained 482 people from 342 suppliers in Li & Fung's supply chain across 9 countries on health & safety, HREDD, and labor practices (inc. preventing modern slavery).



Li & Fung has partnered with Sedex since 2011 and uses the Sedex platform to access verified SMETA audits. In 2025, over 14% of **Li & Fung** suppliers used SMETA standards. We also use **SEDEX Radar** - an online tool designed to identify risks to inform our due diligence processes.

In 2025, Sedex trained 21 people from 14 suppliers in Li & Fung's supply chain across 8 countries on key labor and human rights topics inc. preventing modern slavery.

Partnerships on Prevention of Forced Labor and Child Labor



In 2025, **Li & Fung** continued its active collaboration with the **Mekong Club** Manufacturing & Retail Working Group, where members exchange best practices and address industry challenges. Key topics discussed throughout the year included:

- The EU Omnibus Law.
- Taiwan's labor migration landscape and responsible recruitment.
- Practical steps for recruitment fee remediation.
- Responsible labor practices in India's cotton industry.

Through this partnership Li & Fung also enhanced its grievance mechanism management system and responsible recruitment guidelines.



Li & Fung is a member of **The Centre for Child Rights and Business's** Working Group and collaborates with other companies to identify challenges, share resources, and implement industry best practices on child rights. The Centre also serves as Li & Fung's specialist partner for child labor remediation, ensuring interventions prioritize the best interests of the child while helping prevent future occurrences.

In 2025, Li & Fung participated in the Child Labor Action Hub, a multi-stakeholder initiative. The Hub enables brands, suppliers and civil-society partners to coordinate prevention, remediation and capacity-building across upstream supply chains. Through the Hub, 14 participants from 11 lower-tier factories trained on child-labor definitions, age-verification practices, legal protections, management of young workers, documentation requirements and safe working conditions.

Multistakeholder and Industry Initiatives



We work closely with Better Work, a partnership between the ILO and the International Finance Corporation (IFC), to support improved social impact in our supply chain.

Better Work offers a comprehensive program for its member factories that includes an in-depth social compliance assessment, advisory services, and engagement with workers and their representatives. A total of 285 factories in the LF supply chain are in the Better Work program.

In 2025, Better Work trained 2,300 participants across 130 suppliers in Li & Fung's supply chain. Training took place in six countries (Bangladesh, Cambodia, Egypt, Indonesia, Pakistan, Vietnam) and covered key topics including health & safety, labor practices (inc. preventing modern slavery) and traceability.



Li & Fung is a member of the American Apparel & Footwear Association (AAFA) and participates in the Social Responsibility Committee and the Forced Labor Working Group. Li & Fung is also a signatory to the AAFA and Fair Labor Association's Revised Commitment to Responsible Recruitment, addressing forced labor risks for migrant workers in the global supply chain.

AAFA's efforts on responsible recruitment have included a collaboration with the Taiwan Textile Federation (TTF) and the Taiwan government. The TTF's announcement to implement the Employer Pays Principle starting January 2026 represents the achievement of an important milestone AAFA's long-standing work to improve the welfare of migrant workers in Taiwan.

7. Monitoring and evaluation (understanding and demonstrating effectiveness)

7a. Progress against the 2025 key performance indicators (KPIs)

Objective 1. Enhance governance of modern slavery issues and child labor issues		
Goal	Target	Achieved
Improved Grievance Procedures and Guidelines	Grievance Mechanism Policy and Guidelines drafted, launched.	<ul style="list-style-type: none"> Policy and Guidelines drafted, launched and available on LF's Total Sourcing Platform and website (policy only). Suppliers must sign before April 2026. Two online sessions held for suppliers to explain the policy and guidelines (November 2025). LF VCS held 16 training sessions with 733 suppliers, including 249 of 610 core suppliers in six economies (41%).
	Training provided on its implementation to 100% of core suppliers in 6 economies.	
	Grievance handling protocols drafted, launched and training provided to 100% of relevant LF staff.	<ul style="list-style-type: none"> Grievance Handling SOP drafted and launched. 100% of relevant VCS staff trained on the SOP in Q3 2025.
New policy or statement on Human Rights	Human Rights Policy or statement drafted and launched.	<ul style="list-style-type: none"> HREDD policy drafted, launched and available on LF Total Sourcing Platform. Suppliers must sign before April 2026. Policy published to the website. Two online sessions held for suppliers to explain the policy (November 2025). LF VCS held 9 sessions of training on the topic of HREDD for 1220 participants from 791 suppliers.
Improved Responsible Recruitment Policy and Reimbursement Guidelines	Responsible Recruitment Guidelines drafted, launched and training provided to 100% of core suppliers.	<ul style="list-style-type: none"> Responsible Recruitment Guidelines drafted, launched and available on LF Total Sourcing Platform. Two online sessions held for suppliers to explain the policy and guidelines (November 2025).

Objective 2. Strengthen supply chain risk assessment & due diligence on modern slavery

Goal	Target	Achieved
Increase the quality & scope of risk assessment and data collection using technology	100% of in scope entities in five economies participated in the assessment. ¹⁶ 10% of in scope suppliers in China. ¹⁷	LUMEN responsible recruitment assessment was deployed to four in-scope suppliers in Taiwan, Thailand and Türkiye representing 100% new factories and 41 in scope suppliers in China including 23 of 398 or 6% of core suppliers.
Suppliers have enhanced recruitment due diligence	All in-scope entities above have their policies and guidelines on the Employment Pays Principle (EPP) reviewed and updated where necessary.	All EPP policies reviewed. One supplier in China to update their policy to include no worker should pay for a job.
Strengthened voices of workers	100% of high-risk suppliers identified for an LF spot-check are also covered by APPRISE.	In 2025, Li & Fung deployed APPRISE with 808 or 100% of suppliers covered by the LF spot-check and received a total of 21,557 responses. ¹⁸
Proactively identify modern slavery and child labor risks in the supply chain	30 high-risk suppliers in high-risk economies receive unannounced third-party spot checks focused on forced labor.	Conducted unannounced third-party spot-checks focused on forced labor across 30 suppliers considered high-risk. ¹⁹
	Updated risk matrix to better identify and prioritize risks related to child labor and forced labor.	Risk matrix has been updated together with The Centre for Childs Rights and Business, which helps to categorize suppliers according to risk level.

Objective 3. Suppliers are educated on how to prevent and mitigate modern slavery issues

Goal	Target	Achieved
Improved awareness of modern slavery and forced labor	100% completion rate for all core factories in 6 economies. ²⁰	14 training sessions were conducted with 936 participants from 615 suppliers, including 261 of 610 or 43% of core suppliers from the six economies.
Improved awareness on of grievance mechanisms		16 training sessions have been conducted with 1170 participants from 733, including 249 of 610 or 41% of core suppliers from six economies.

¹⁶ In scope entities include core suppliers and their recruitment agencies employing foreign migrant workers in Jordan, Macau, Malaysia, Taiwan, Thailand.

¹⁷ In scope include core suppliers in China who employ domestic migrant workers.

¹⁸ Bangladesh, Cambodia, China, India, Indonesia, Jordan, Macau, Thailand, Türkiye, Vietnam.

¹⁹ Bangladesh, Cambodia, China, Indonesia, Vietnam, India and Türkiye.

²⁰ Bangladesh, Cambodia, China, India, Indonesia and Vietnam

Objective 4. Enhancing responsible recruitment in LF operation

Goal	Target	Achieved
Increase quality & scope of risk assessment using new technology – on Responsible Recruitment in our own operations	100% LF partnered recruitment agencies and service participated in the assessment, identification of non-compliance or gap in recruitment practices and improvement of recruitment practices	LF Human Resources used APPRISE with 13/16 or 81% of active outsourcing companies and LUMEN with 4/31 or 13% of active recruitment agencies. Further work in this area will continue in 2026.
Build awareness of internal LF staff on key topics	E-learning modules rolled out on the key topics	E-learning on Forced Labor and Child Labor launched in Workday platform as mandatory training for all LF staff.

B. 2026 Goals

Objective 1. Enhance governance of modern slavery issues and child labor issues

Goal	2026 Target
Align governance framework with new and emerging regulatory requirements	Review and update Supplier Code of Conduct, Combatting Forced Labor Policy and Guidelines, Responsible Recruitment policy to ensure alignment with the upcoming EU Forced Labor Regulation and other import bans.

Objective 2. Strengthen supply chain risk assessment & due diligence on modern slavery issues

Goal	2026 Target
Increase the quality & scope of risk assessment and data collection using technology (e.g. LUMEN)	The recruitment practices in at least 20% of active factories in Vietnam are assessed, with a focus on domestic migrant workers. 100% of assessed active factories employing domestic migrant workers have a Responsible Recruitment Policy/SOP that includes the Employer Pays Principle.
Enhance suppliers' recruitment due diligence	100% of active factories with foreign migrant workers have a Responsible Recruitment Policy/SOP, which includes the Employer Pays Principle.
Deliver standardized Li & Fung grievance mechanism	100% grievances received by Li & Fung through all supply chain grievance mechanisms are resolved in line with the Grievance handling protocol.
Proactively address modern slavery and child labor risks in the supply chain	100% of forced labor and child labor cases are remediated with preventative action and a focus on ensuring support to rights-holders.

100% of identified forced labor cases are remediated with preventative measures and input from third-party industry partner.

Objective 3. Suppliers are educated on how to prevent & mitigate modern slavery issues

Goal	2026 Target
Improved awareness on modern slavery, forced labor and/or grievance mechanisms for all core suppliers in primary sourcing countries / regions	At least 20 factories per economy that participate in the training undertake at least one post-training activity: e.g. review and update an SOP, conduct a self-assessment or train workers on forced labor and/or grievance mechanisms.

Objective 4. Enhancing responsible recruitment in LF operation

Goal	Target
Increase the quality & scope of risk assessment and data collection using technology - LUMEN on Responsible Recruitment in our own operations	100% of unfair recruitment practices identified through the assessment are resolved to the satisfaction of rights-holders.
	LF Human Resources use LUMEN with all remaining active recruitment agencies.
	Update service agreement with recruitment agencies/outsourcing services to include the Employer Pays Principle.
