

Annual Report 2009

LI NING COMPANY LIMITED

Corporate Social Responsibilities

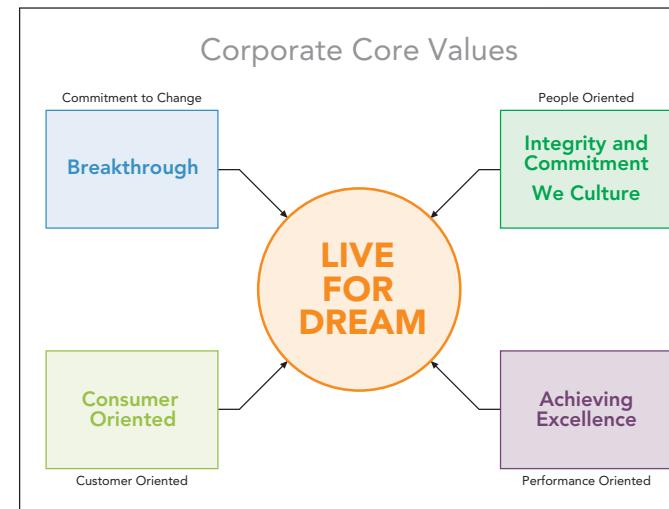
As a responsible corporate citizen, while striving to maximise return for Shareholders, the Company is also committed to its social responsibilities. We uphold the principle of sustainable development and endeavour to make contributions to the society.

Employees

In order to attract outstanding, ambitious and professional people, both in China and from overseas, the Group is committed to being a trustworthy employer and providing fulfilment to its employees in pursuit of their career development. The Group places great emphasis on the well-being, skills building and career development of its employees. The Group constantly strives to enhance its employees' solidarity, to create a greater sense of belonging and to improve their individual abilities with a view to achieve the mutual growth of the Group and its employees.

Corporate Culture

The "heartfelt" corporate culture of the Group is forged to enhance team cohesion, where core values of "Live for Dream; Integrity and Commitment; We Culture; Achieving Excellence; Consumer Oriented and Breakthrough" are all promoted. The Group fosters communications between the staff and the management and





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advocates its corporate culture and values through various platforms, including the intranet, internal publications, and senior management e-magazines. Meanwhile, the Group adopts cross-team training to foster better team-building and culture experience across its business units and functions.

For the well-being of its employees, the Group advocates athleticism and encourages participation in sports. Through sports, the Group hopes to enhance cohesion within the entire organisation. At the "Li Ning Centre", the Company's headquarters in Beijing covering more than 50,000 square metres, gymnasiums for swimming, basketball, badminton and tennis, as well as an outdoor football field are open for employees, with dedicated coaches to assist them to cultivate their sportsmanship and skills. Funded and supported by the Group, 11 sports clubs for employees are in operation, various internal and public sports activities such as sports games, badminton/basketball/tennis tournaments, Sports Day, Beijing Marathon and football league matches for foreign-invested enterprises in Beijing are held ardently. These sports activities allow employees to understand and appreciate the Group's corporate values and experience its professional sports products. The Group's unique sport culture, which contributes to the well-being of employees and team cohesion, has become an important element for attracting talent. During the year, a library in the "Li Ning Centre" was also opened to provide employees with access to books and magazines or as an environment for communication.



Employee Development

The Group places great importance on skills nurturing and career development of its employees. By building a comprehensive training framework, the Group endeavours to enhance the leadership of

management staff and the professional capabilities of key employees. A consistent leadership and professional study programme has also been developed after improving both the lecturing and training management system.

To enhance the leadership skills of management staff, over 90% of them have completed the leadership training programmes and courses. Moreover, the Group actively promotes the application of the Key Development Indicator (KDI), whereby the management staff are encouraged to help advance the potential of their key subordinates, so as to promote the development of the staff and enhance teamwork, with the long-term aim of developing sustainable development in the Group's human resources and competitive edge.

With respect to professional expertise, the Group completed the knowledge, capability and study outline of the Group's core functions including products, markets, sales and retailing, and designed and implemented the core positions and professional capabilities training camps. In 2009, the implementation of training camps by the Group, including retail operation fundamentals, design, integrated marketing, and "Road to Career Top for Staff with Outstanding Professional Expertise" improved the professional capabilities of core employees.





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Humanistic Care

The Group also places emphasis on humanistic care. In addition to the timely contribution to social insurance under the state regulations, the Group also provides supplementary commercial medical insurance for its employees. Benefits such as free health check-ups and incentive trips for outperforming employees, measures to ensure healthy and comfortable working conditions and the implementation of the Employee Assistance Programme, are provided to help employees cope with pressure in a positive manner. Furthermore, the Group also organises Open Days regularly as a platform to allow communication between the staff and the management in order to address employees' concerns timely and efficiently. Recognising that the family provides solid foundation for employees to work comfortably and diligently, the Group extends its care to employees' families. Besides the supplementary commercial medical insurance, which covers employees' lineal relatives, it is also the Group's tradition to organise celebratory activities and to distribute gifts at important festivals such as Christmas and International Children's Day. The Group expresses its care in great detail, which in return enhances the employees' sense of belonging and identity with the Group.

Community

The Group always accords great importance to integrating its corporate social responsibilities into the sports industry to achieve a long-term effect. While maintaining an ongoing development on its own business, the Group is also actively committed to its responsibilities and obligations as a corporate citizen. In 2009, the Company further increased its investment in corporate social responsibilities along with its continued business growth and brand internationalisation.

- Publishing the Report on Corporate Social Responsibilities

In March 2009, the Group published its Report on Corporate Social Responsibilities in collaboration with the Public Relations Institute of Renmin University of China (中國人民大學). Covering ongoing dialogue between the Group and its stakeholders in recent years, the report showcased the Group's commitment to, and continuous concern about, social responsibilities in various aspects such as the Company's

financial conditions, public welfare, achievements in the Olympics and the value chain, demonstrating the Group's responsible attitude as a corporate citizen towards social responsibilities as well as the Group's confidence in sharpening its core competitiveness, promoting harmonious marketing and reinforcing its competitive advantages through practicing corporate social responsibilities.

- Continuous investment in the "Let's Do Sports Together" (一起運動) campaign to promote physical education in impoverished regions

The Group continued to invest in the "Let's Do Sports Together" (一起運動) campaign, a welfare programme launched together with the State Council Leading Group Office of Poverty Alleviation and Development (國務院扶貧開發領導小組辦公室) to provide public training programmes for physical education teachers in impoverished regions. During the year, under the Group's leadership and assistance, 400 physical education teachers from Huangzhong county of Qinghai, Kulunqi, Tongliao of Inner Mongolia and Xingzi county of Jiangxi received free training which improved their professional teaching abilities.

At the end of 2009, the "Let's Do Sports Together" (一起運動) campaign has been in operation for four years and has benefited various counties in Heilongjiang, Inner Mongolia, Shanxi, Shaanxi, Qinghai, Jiangsu, Sichuan, Yunnan and Guangxi, etc., which cover more than half of China and have been designated as key areas for state-level poverty alleviation and development. Over 1,400 people in total have participated in the training. During the year, the Group also joined efforts with the China Foundation for Poverty Alleviation (中國扶貧基金會) to promote the "Let's Do Sports Together" (一起運動) campaign and received great support and donations.

- Attention to world poverty in cooperation with The United Nations World Food Programme

In 2009, the Group, together with The United Nations World Food Programme (WFP), hosted a photo exhibition in the core region of Beijing and published public appeal advertisements to call for social attention to the livelihood of underdeveloped regions and to appeal for joint efforts to fight against hunger and poverty.



In October 2009, Mr. Li Ning, the Chairman of the Company, was appointed as China's first "WFP Goodwill Ambassador against Hunger" and visited Bengal at the end of the year. The philanthropic acts of the founder and leader of the Company, while reflecting corporate social responsibilities of the Company, establishes a benchmark for the Group's public interest values as well as demonstrating the Group's vision in actively engaging in public welfare across the globe.

- **Building up public welfare image through celebrity charity activities**

The numerous athletes sponsored by the Group also act as ambassadors in publicising corporate social responsibilities and delivering the message about the Group's continuous support to public welfare and environmental activities. The Group's positive corporate image has been widely recognised and publicised through the influence of the celebrities.

In July 2009, Baron Davis, a NBA star sponsored by the Group, visited Beijing Guan Ai School (北京光愛學校) to share his inspiring story on how he managed to overcome challenges and fight to the top with 105 homeless children adopted by the school, encouraging them to live for their dreams. Baron Davis made the decision on site to build a basketball court for the school, with the hope that the children will grow happily with sports and build their confidence and courage to confront difficult times.

In September 2009, after visiting the exhibition halls, Elena Isinbayeva, the Russian promotion ambassador for the Shanghai World Expo and an athlete sponsored by the Group, took a bus ride to personally experience the environment-friendly concept of a "low-carbon" World Expo. Her actions in promoting green transit in "Public Transportation Week" (公共交通周) have received positive response from the public and the Internet community.

During the China Open Badminton Championship in December 2009, the Chinese National Badminton Team sponsored by the Group and the China Foundation for Poverty Alleviation (中國扶貧基金會) jointly initiated the "Love Badminton Racket Programme" (愛心球拍圓夢計劃). The programme invites donations of badminton rackets from the community to children in mountain areas to bring them the joy of sports. The Group donated 2,000 rackets for the programme.

- **Rollout of Eco-circle environmentally-friendly technological project**

The Group actively capitalised on its industry competitive edge to align with the global issue of environmental protection. On 20 September 2009, which was the day of the "Clean Up the World Weekend", the "Dress Eco-circle" Chinese City Forum was held in Beijing. The forum was a collaboration of the Group with renowned environmental organisations, including Jane Goodall. During the forum, new products of LI-NING branded Eco-circle environmentally-friendly apparel series were launched. The Group published the "Dress Eco-circle" Chinese City Survey Report on public dressing habits in four representative cities of China, calling for more social attention to carbon emission derived from clothing.

The concepts "Dress Eco-circle" and "Low-carbon Apparel" raised by LI-NING brand and the environmentally-friendly apparels under the Eco-circle series drew extensive public attention. The Group's awareness of social responsibility and the spirit of humanity as demonstrated in the event further enhanced the reputation of the LI-NING brand and the Group's image as a responsible corporate citizen.

As a conscientious tax payer and contributor to society, the Group fulfils good business ethics and maintains sound longstanding relationships with business partners, aiming to create growth opportunities in a balanced and win-win approach. "The Basic Social Responsibility Requirements for Suppliers of Li Ning Company" (《李寧公司供應商社會責任基準要求》) sets out the requirements for suppliers in performing their social responsibilities in respect of labour, safety and environmental protection, which are used by the Group as one of the criteria in identifying new suppliers and assessing the existing suppliers. Moreover, with "Consumer Oriented" being one of its core values, the Group strives to guarantee product quality and safety. Over 8,000 stock keeping units (SKUs) are created in the research and development centres in the United States, Hong Kong and Beijing each year, and are offered to consumers through more than 7,000 outlets.

Enterprises are a part of the community and both the natural and the social environment are indispensable to enterprises. While creating commercial value, the Group keeps a close eye on the harmonious coexistence of itself with the nature and the society in pursuit of sustainable development.





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Recognition

The Group's excellence in performing its corporate social responsibilities has been widely recognised:

- In January 2009, the Company's Chairman, Mr. Li Ning was named the "2008 CCTV Businessman of the Year" (2008年CCTV中國經濟年度人物). The criteria of the award which were based on the principles of "responsibility, exploration, vision and cohesion" went beyond the realm of "business". As the concept of "responsibility" is labelled with paramount importance, the award is designed for entrepreneurs who possess a strong sense of social responsibility, a historical perspective and a vision enabling them to take a leading role in the development of China's economy. The high degree of social responsibility awareness of the Company's founder and leader influences the corporate values of the Group and helps to root the corporate values at every level of the Group's corporate culture, bringing profound and long-lasting positive impact to the Group.
- In August 2009, LI-NING brand was one of the award-winning brands in the "60th Anniversary of the Founding of the PRC – 60 Brands Promoting China's Economy and with Impact on People's Lives" (新中國成立60周年－推動中國經濟•影響民眾生活的60個品牌) survey hosted by CCTV.
- In September 2009, the first "Strategic Execution in China" (戰略執行在中國) summit forum and award ceremony were hosted by AMT, a renowned management and information technology planning consultant in China in conjunction with commercial media, including *Harvard Business Review* and *CEIBS Business Review*. The conference was designed to investigate and assess around 100 Chinese enterprises. The cases submitted by the Group were awarded with three prizes in knowledge management, namely "Knowledge Management in China – Best Practice Enterprise/Organisation", "Knowledge Management in China – Foresight Leaders" and "Knowledge Management in China – Professional Contribution".
- In October 2009, the Company was again honoured "Employer of China 2009 – Best Companies to Work For" (2009卓越僱主－中國最適宜工作的公司) by Watson Wyatt and *Fortune* (Chinese version).

- In December 2009, the Company and LI-NING brand were respectively named the "Best 50 Workplaces" (50佳第一工作場所) and "The Most Favourite Brand by University Students" (大學生至愛品牌) by *Careers Magazine* in collaboration with professional human resources consulting firms. The criteria of the awards included leadership, career development, teamwork, working environment and atmosphere, as well as employee compensation and benefits. The awards reflect the popularity of the LI-NING brand among university students, the acknowledgment of consumers and the recognition in the human resource industry for the Company's human-oriented approach and social responsibility awareness.
- In December 2009, the Company was awarded "The Most Respectable Enterprise in China" (中國最受尊敬企業) for the third time by the Management Cases Research Centre of Peking University (北京大學管理案例研究中心) and *Economic Observer* (《經濟觀察報》). The criteria of the award were based on all-rounded accomplishments in social responsibilities, corporate image and technology. The Company was the only award-winner from the sporting goods industry.

Spurred by the recognitions from the society, the Company will continue to be more introspective, aiming to return to the public and contribute to harmonious and sustainable social development while securing steady and healthy growth. The Company is firmly committed to incorporating social responsibilities into its multi-level accountability framework for shareholders, employees, consumers, government, community and the environment.

