



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## **PARTICULARS OF THE REPORT**

### **Report summary**

This report aims to disclose to the stakeholders the latest progress of the work of Li Ning Group (“We”) in respect of Environmental, Social and Governance (“ESG”) in 2021. This report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide (“ESG Reporting Guide”) set out in Appendix 27 to the Listing Rules. This report should be read together with the section headed “Corporate Governance Report” of this annual report and the “Social Responsibility” column on the Group’s website.

### **Reporting period**

From 1 January 2021 to 31 December 2021, some contents of the report are applied retrospectively to previous year as appropriate.

### **Reporting scope**

Unless otherwise stated, the scope of disclosure in this ESG report is the same as that covered in this annual report. The reporting scope has not changed from that of previous ESG reports.

## **STATEMENTS OF THE BOARD**

The Board attaches great importance to environmental, social and governance issues. It fully authorizes the ESG Management Committee and the execution team to carry out ESG-related work, supervises the overall ESG issues, regularly listens to the reports of the ESG Management Committee, and reviews the Group’s ESG strategy, evaluation of key ESG issues, ESG goals and related risk management. The Board also regularly reviews the achievement of ESG goals.

The Group has established the sustainable development vision and strategy to guide its environmental, social and governance work. The vision and strategy have been reviewed by the Board to ensure that they are consistent with the business characteristics of the Group and are consistent with the overall development strategy of the Group. The Board has participated in the assessment, prioritization and management of key ESG issues, and reviewed the identification, assessment process and analysis results of key ESG issues of the Group, as well as the risks and opportunities arising from climate change, impact analysis conducted and response strategies developed.

During the reporting period, the Group proposed development goals for 2025 in terms of employees, environment, community and innovation, which have been reviewed by the Board. The specific environmental objectives of the Group are reviewed and approved by the Board along with this report, and we will review the achievement of the objectives regularly in the future.

This report discloses the Group’s management practices in the above and other ESG areas and was considered and approved by the Board on 17 March 2022.

### **Reporting principles**

**Materiality:** The Group has identified, evaluated and ranked key ESG issues, and disclosed ESG issues based on the materiality assessment results. Refer to the “Communication with Stakeholders and Key Issues Identification” section for details of the key ESG issues identification and assessment process and stakeholder participation.

**Quantification:** This report adopts a quantified manner to measure the applicable key performance indicators and sets quantified environmental objectives. Information on the criteria, methods, assumptions and/or calculation tools used for the quantification of emissions and energy consumption, as well as the sources of the conversion factors used, is disclosed in the section “Appendix: ESG Data Table” where appropriate.

**Consistency:** The preparation methods, statistical methods, measurement criteria, methods, assumptions and/or calculation tools of quantitative data, and conversion factors used in this report remain the same as those used in previous years, and there are no changes that may affect meaningful comparison with previous reports.

## **I. ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) MANAGEMENT SYSTEM**

The Group upholds the core values of “Winning the Dream”, “Consumer Oriented”, “We-Culture” and “Breakthrough”. Adhering to the mission of “Igniting Passion with Sports”, the Group follows the sustainable development vision of “Establishing Equal, Confident, Inclusive and Open Corporate Management Culture, Building Environment-Friendly Supply Chain, and Promoting Sustainable Development of Sports Brands”. The Group strives to become a world-class professional and fashionable sports brand originated in China and recognized by the world. The Group is committed to establishing an environment-friendly supply chain, and building the “Li Ning experience value” integrating product experience, sport experience and purchase experience. The group devotes itself to realizing the public welfare and social education values of sports while practicing its social responsibility, and continuously promotes the sustainable development of sports brands.

### **ESG Management Structure**

The Group has continuously improved its ESG management structure, and management level, and effectively guaranteed the systematic and scientific development of ESG work. The Board is responsible for the overall decision-making, approval and supervision of ESG issues, including the Group’s ESG strategy, key ESG issues assessment, ESG-related risk identification and response, supervision and guidance of ESG goals preparation, regular review of ESG goals accomplishment, and review of ESG report.

The Group has established the ESG Management Committee at the management level, with the Company’s Executive Director and Joint Chief Executive Officer as the chairman. The ESG Management Committee is responsible for proposing recommendations to decision-making on ESG work to the Board, setting mid-to-long term ESG strategies and goals, sorting out annual key ESG work and guiding and supervising the execution team to carry out relevant work. The ESG execution team is composed of key leaders of ESG related departments, which is responsible for coordinating relevant departments in implementing ESG strategies and policies, and promoting the implementation of ESG management.

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In 2021, the Board reviewed and approved the sustainable development vision and strategy, the sustainable development goal recommendations and key ESG issues assessment results, the identification and assessment results of the risks and opportunities arising from climate change, and the response strategies developed.



ESG Management Structure and Management Process

## ESG Strategy and Management Philosophy

The Group pays close attention to the management of ESG issues in business and operation, and constantly explores the organic integration of ESG concept and enterprise development. We actively support the realization of the “30 · 60” peak carbon dioxide emissions and carbon neutrality goals, adhere to green operations, identify and respond to climate change risks and opportunities, and promote sustainable development to upstream and downstream value chain; We protect the legitimate rights and interests of employees and promote their career development; We strengthen product quality and safety management to provide customers with satisfactory products and services; We continue to carry out development of incorruptibility, and make earnest efforts to promote public welfare; We continue to promote and strengthen communication and collaboration with stakeholders to explore the sustainable development of the industry.

The Group takes “Establishing Equal, Confident, Inclusive and Open Corporate Management Culture, Building Environment-Friendly Supply Chain, and Promoting Sustainable Development of Sports Brands” as its vision of sustainable development, and “improving the social and environmental management system of the whole chain of product realization, integrating industry resources and realizing the sustainable concept of innovation while ensuring the compliance of supply chain production” as its sustainable development strategy. The Group has formulated specific management strategies in environmental protection, care for employees, supply chain management, product responsibility, anti-corruption and community investment in line with the Group’s development strategy.

### **In respect of environmental protection:**

- Comply with the laws and regulations regarding environmental protection, and actively respond to the national call to achieve the goal of “Dual Carbon”;
- Adhere to the concept of green development, implement environmental management measures, set energy conservation and emission reduction targets, identify risks and opportunities of climate change, and actively explore and develop countermeasures;
- Integrate green and environmental protection into the product concept, continuously promote the development and use of environment-friendly materials, optimize packaging management, and carry out low-carbon logistics and warehousing practice;
- Practice the concept of green office, enhance employees’ awareness of environmental protection, and promote paperless office.

### **In respect of care for employees:**

- Establish a legal employment policy, always adhere to the “people-oriented” employment concept, eliminate the employment of child and forced labor, and build harmonious and good labor relations;
- Establish a sound social security and compensation and welfare system to safeguard the legitimate rights and interests of employees, eliminate discrimination, and build an equal, inclusive and diversified employee team;
- Care for the physical and mental health and safety of employees, encourage employees to take part in physical activities, and help employees balance work and life;
- Improve talent training mechanism, enrich employee training resources, and help employees realize their personal value.

### **In respect of supply chain management:**

- Strengthen supplier audit standards, improve supplier admission, assessment and termination process, and promote supply chain ESG management practice;
- Continuously integrate and improve the supply chain management system with the benchmark of best industrial practices, and continuously strengthen our own supply chain management and R&D technology application capabilities;
- Practice green procurement, strengthen suppliers’ environmental protection concepts, promote the use of environmental materials in the supply chain, supervise suppliers to carry out self-examination on the environmental performance, and continue to carry out environmental compliance and carbon emission management in the supply chain;





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- Promote social responsibility management of supply chain, pay attention to suppliers' social responsibility performance, strengthen suppliers' labor rights protection measures, prohibit the employment of child and forced labor, and urge suppliers to provide employees with a healthy, safe and mutually respectful workplaces;
- Strengthen chemicals management of suppliers continuously, evaluate suppliers' chemical risk comprehensively, and supervise suppliers' full-process management on chemicals;
- Actively participate in industrial discussions, promote industrial carbon emission reduction practices, participate in the preparation of industry standards, and further enhance the competitiveness and discourse power of the industry in the global market.

### **In respect of product responsibility:**

- Strengthen product and service quality management, and optimize the quality control process to provide customers with high-quality products and services;
- Strengthen management on advertising, trademark, brand and intellectual property, improve emergency response capacity, protect intellectual property rights, prohibit infringement, maintain brand reputation and enhance brand value;
- Make active explorations on scientific and technological innovation, step up product research and development, strive to improve product performance, launch products that are more in line with consumer needs, and provide consumers with diversified consumer experience;
- Boost customer communication, listen attentively to customers' opinions and feedback, timely deal with complaints and improve product and service quality;
- Safeguard customer privacy and data security by optimizing information security protection technology and improving customer data authorization or use mechanism.

### **In respect of anti-corruption:**

- Strongly resist corruption by employees, suppliers and working partners to create a clean, open, honest and trustful working atmosphere;
- Continuously strengthen the promotion of anti-corruption and anti-bribery concepts among directors and all employees, improve the anti-corruption and anti-bribery reporting channels and whistleblower protection mechanism, and constantly consolidate the construction of incorruptibility.

### **In respect of community investment:**

- Continue to consolidate poverty alleviation achievements and actively implement the national rural revitalization policy;
- Show agape love through sports activities, advocate sports culture and sportsmanship while carrying out charitable events, and encourage sports-for-all and healthy lifestyle;
- Actively respond to emergencies and disasters with support, join public welfare activities and disaster relief, and provide assistance for reconstruction and production resumption in disaster-hit areas;
- Call on the public to care for people with mental disabilities and other special needs groups, and strive to build an inclusive, caring and harmonious society.

### **Actions for Sustainable Development**

In September 2016, China promulgated China's National Plan for Implementation of the 2030 Agenda for Sustainable Development (hereinafter abbreviated as "National Plan") in response to the 17 Sustainable Development Goals (SDGs) proposed by the United Nations. The National Plan serves as an action guide for China's implementation of the SDGs, and elaborates on the opportunities and challenges of China in the implementation of the 2030 Agenda for Sustainable Development.

In 2021, the Group continued to implement the National Plan, actively explored the relationship between corporate strategy and business operation and SDGs realization, and made contributions to promoting sustainable development of our enterprise and the society. The following table sets out China's implementation measures related to the Group's strategy, as well as our actions to help achieve the goals.



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SDGs	China's National Plan Regarding SDGs	Actions for Sustainable Development taken by the Group in 2021
<p>SDG1 No poverty</p> 	<ul style="list-style-type: none"> <li>• Improve social security system and implement the plan for universal participation in social insurance</li> <li>• Implement precision poverty eradication and relief for rural poor population</li> </ul>	<ul style="list-style-type: none"> <li>• Provide “five social insurance and one housing fund”, personal accident insurance and supplemental medical insurance for its employees.</li> <li>• Donate daily necessities to needy families in Shunping County, Hebei Province and Wangmo County, Guizhou Province.</li> <li>• Carry out public welfare visits in Inner Mongolia and donate daily necessities to local women’s federations.</li> <li>• Donate 196 sets of down jackets to needy students in Jiaqiong Town, Bangor County, Tibet Autonomous Region.</li> <li>• Donate clothes to needy students in Nanyang Village, Zhengcheng Town, Linyi City, Shandong Province, Mabian Yi Autonomous County, Sichuan Province, Long’an Town, Yiliang County, Yunnan Province, and Nanning, Guangxi.</li> <li>• Since 2012, the Group has collaborated with China Women’s Development Foundation to organize charitable events. The “Postal Parcels for Mothers” Programme has been organized for a long time to lend a helping hand to mothers struggling with poverty.</li> </ul>
<p>SDG2 Zero hunger</p> 	<ul style="list-style-type: none"> <li>• Ensure that everyone has safe, nutritious and sufficient food throughout the year</li> </ul>	<ul style="list-style-type: none"> <li>• Establish a scientific diet system for employees, and check the hygiene and food quality of the canteens regularly to ensure the quality and safety of the food.</li> </ul>
<p>SDG3 Good health and well-being</p> 	<ul style="list-style-type: none"> <li>• Promote equality of and accessibility to basic medical and healthcare services</li> </ul>	<ul style="list-style-type: none"> <li>• Establish a four-in-one staff health management system covering health examination, healthy exercise, healthy diet and supplementary medical treatment.</li> <li>• Establish physical rehabilitation research centers, health consultation rooms and maternal and infant rooms to provide its employees with basic medicines for treating and preventing common diseases, and provide convenience, warmth and care for employees with breast feeding needs.</li> <li>• Provide commercial insurance including supplementary medical insurance, personal accident insurance and critical illness insurance for employee.</li> </ul>

SDGs	China's National Plan Regarding SDGs	Actions for Sustainable Development taken by the Group in 2021
<p>SDG4 Quality education</p> 	<ul style="list-style-type: none"> <li>• Safeguard equal rights of underprivileged groups for receiving compulsory education</li> <li>• Implement a model for cultivation of technologies, skills and talents through collaboration between the Group and schools</li> <li>• Strengthen sports education in schools</li> </ul>	<ul style="list-style-type: none"> <li>• Found Li Ning Sports School and set up sports winter camps adopting centralized and closed-off management, including 4 special training camps in respect of integrated physical fitness, basketball, table tennis and badminton, with a view to educating the children of employees of the Company and teenagers in general on professional sports training methods for adolescence and helping them to foster healthy exercise habits.</li> </ul>
<p>SDG5 Gender equality</p> 	<ul style="list-style-type: none"> <li>• Adhere to the basic national policy of gender equality to eliminate all forms of discrimination and bias against women</li> <li>• Enhance the working and entrepreneurial capability of women by developing public childcare services</li> </ul>	<ul style="list-style-type: none"> <li>• Combat gender discrimination in employment, wages, benefits, promotion, training and retirement.</li> <li>• Prohibit suppliers from involving with any form of gender discrimination in recruitment, establishment of labor relations, access to training, salary, benefits, social insurance, etc.</li> <li>• Operate "Home of Employees" and Li Ning &amp; OCEG Kindergarten on an ongoing basis so as to assist employees to maintain a balance between work and family life.</li> </ul>
<p>SDG6 Clean water and sanitation</p> 	<ul style="list-style-type: none"> <li>• Significantly increase the proportion of treated compliant wastewater by strengthening the supervision and monitoring over major water functional zones and river outlets</li> <li>• Comprehensively promote the development of a water-saving society by strengthening the management over water demand and water utilization process</li> </ul>	<ul style="list-style-type: none"> <li>• Make full use of landscape water to water plants, and carry out daily maintenance and repair of water equipment, thus to improve the utilization rate of water resources.</li> <li>• The canteens and kitchens replace thawing under running water with thawing at cold closet or thawing by soaking in water to reduce the water consumption of thawing process.</li> <li>• Post promotional slogans about water conservation in common areas such as restrooms and pantries.</li> <li>• Require suppliers to develop management systems to reduce the discharge of wastewater from production and operation activities, conduct stringent review of the wastewater monitoring report and sewage discharge permit of the Group's suppliers, and enhance the monitoring and control over wastewater along the supply chain.</li> </ul>

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SDGs	China's National Plan Regarding SDGs	Actions for Sustainable Development taken by the Group in 2021
<p>SDG7 Affordable and clean energy</p> 	<ul style="list-style-type: none"> <li>Optimize the energy structure by enhancing the utilization rate of fossil fuel energy and increasing the proportion of clean energy consumption</li> <li>Build a clean, low-carbon, safe and efficient modern energy system</li> </ul>	<ul style="list-style-type: none"> <li>Automatically open the temperature-controlled sensing canopy on the roof-top of office buildings and venues within Li Ning Central Park in hot days, to timely reduce the indoor temperature and reduce the energy consumption of cooling by air-conditioning.</li> <li>Replace the lighting in the canteen freezer with an automatic switch to reduce power consumption.</li> <li>Install solar panels at the roof-top of the buildings within Li Ning Central Park to actively develop and utilize solar energy.</li> <li>Install plenty of electric vehicle charging piles in Li Ning Central Park to provide convenient charging conditions for employees' electric vehicles and reduce carbon emissions in employees' commuting.</li> </ul>
<p>SDG8 Decent work and economic growth</p> 	<ul style="list-style-type: none"> <li>Improve the employment and entrepreneurial service system and implement a life-long vocational skills training system</li> </ul>	<ul style="list-style-type: none"> <li>Provide employees with internal course training, on-the-job learning, job rotation learning, tutoring feedback and other diversified learning opportunities and all-round development, encourage and guide employees to constantly improve their job skills and comprehensive quality.</li> <li>Provide basic training such as new employee orientation training and pre-employment training for all employees.</li> </ul>
<p>SDG9 Industry, innovation, and infrastructure</p> 	<ul style="list-style-type: none"> <li>Accelerate the upgrading and transformation of traditional industries and promote low-carbon industrial energy use</li> </ul>	<ul style="list-style-type: none"> <li>Join "30 · 60 Net Zero Accelerating Plan".</li> <li>Attend the China Brand Day – Sustainable Fashion Summit and deliver a themed speech on sustainable development.</li> <li>Attend the China Beijing International Fair for Trade in Services and deliver a themed speech on quality and sustainable fashion.</li> <li>Actively promote ecological and environmental protection processes, and cooperate with the supply chain to carry out a pilot project to replace chemical dyes with plant dyes.</li> </ul>

SDGs	China's National Plan Regarding SDGs	Actions for Sustainable Development taken by the Group in 2021
<p>SDG10 Reduced inequalities</p> 	<ul style="list-style-type: none"> <li>• Attach great importance to providing equal opportunities and ensuring equal rights of participation and development for all employees</li> <li>• Consistently promote growth of both resident income and the economy, as well as growth of both salary and work productivity at the same time</li> </ul>	<ul style="list-style-type: none"> <li>• Always follow the principles of equality, respect and democracy in the whole process of employment management, and establish specific systems and processes for employee recruitment, employment and dismissal.</li> <li>• Design a scientific and efficient salary management system, and provide extra rewards to outstanding employees to fully attract, motivate and retain outstanding talents.</li> </ul>
<p>SDG11 Sustainable cities and communities</p> 	<ul style="list-style-type: none"> <li>• Strengthen the construction of natural disaster monitoring and early warning system and engineering defense capacity, improve the social mobilization mechanism for disaster prevention and reduction, and establish smooth channels for social participation in disaster prevention and reduction</li> </ul>	<ul style="list-style-type: none"> <li>• Concern with natural disasters and public emergencies, and provide assistance to the people and rescue workers in disaster-hit areas with materials, health and epidemic prevention, and post-disaster recovery and reconstruction. In 2021, the Company donated cash and supplies to disaster-hit areas in Henan and Shanxi respectively.</li> </ul>
<p>SDG12 Responsible consumption and production</p> 	<ul style="list-style-type: none"> <li>• Reduce the adverse impact of chemicals on human health and the environment</li> <li>• Significantly enhance the level of green chemical engineering technology</li> <li>• Strenuously develop circular economy with significant increase in the recycling of major types of wastes</li> <li>• Comprehensively promote the extended producer responsibility system to encourage enterprises to fully implement the concept of sustainable development in their production management</li> </ul>	<ul style="list-style-type: none"> <li>• Integrate the environmental requirements of suppliers into the whole process of supplier management, and exercise all-round supervision over the use of chemicals, to control the quality of raw materials and ensure the health of customers at source.</li> <li>• Advocate environmental protection concepts to increase customers' acceptance of products produced under circular economy.</li> <li>• Actively promote eco-environmental processes, cooperate with the supply chain to carry out pilot projects to replace chemical dyes with plant dyes, and promote the use of environmentally friendly materials as a sustainable development goal.</li> <li>• Conduct on-site chemical management audit for key material suppliers using the Chemical Management Performance Audit Tools of Li Ning.</li> </ul>

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SDGs	China's National Plan Regarding SDGs	Actions for Sustainable Development taken by the Group in 2021
SDG13 Climate action 	<ul style="list-style-type: none"> <li>Popularize the knowledge about climate change and low-carbon development concepts with guidance to the general public for active participation in actions against climate change</li> </ul>	<ul style="list-style-type: none"> <li>Vigorously carry out the propaganda and education of green operation concept to enhance employees' awareness of energy conservation and promote green lifestyle.</li> <li>Encourage employees to use electronic devices and office systems to process their work, and reduce the use of facsimile paper and paper meeting materials.</li> <li>Join "30 · 60 Net Zero Accelerating Plan" to actively respond to climate change, and promote carbon reduction practice in the industry.</li> <li>Carry out supply chain carbon inventory, popularize energy conservation and emission reduction concepts to suppliers, and strengthen carbon emission management in supply chain.</li> </ul>
SDG16 Peace, justice and strong institutions 	<ul style="list-style-type: none"> <li>Implement the "Law on the Protection of Minors", and crack down, in accordance with the laws, on the unlawful and criminal acts such as use of child and forced labor and child abduction</li> </ul>	<ul style="list-style-type: none"> <li>Strictly verify employees' identification documents according to the Company's "Staff Handbook" to check whether their age meets the requirements of legal employment, thus preventing the employment of child labor.</li> <li>Safeguard employees' legitimate rights to rest, pay attention to employees' reasonable working intention and demand for rest, and prohibit forced labor.</li> </ul>
SDG17 Partnerships for the goals 	<ul style="list-style-type: none"> <li>Actively participate in the establishment of global partnerships to promote more balanced global partnerships for development</li> <li>Actively participate in the works in relation to the establishment of mechanisms for enhancing the use of global technology</li> </ul>	<ul style="list-style-type: none"> <li>Attend the China (Beijing) International Fair for Trade in Services and deliver a themed speech on quality and sustainable fashion.</li> <li>Join "30 · 60 Net Zero Accelerating Plan" to actively respond to climate change, and promote the carbon reduction practice in the industry.</li> <li>Actively participate in the resolutions and elections for major affairs of the Zero Discharge of Hazardous Chemicals (ZDHC) Programme.</li> </ul>

## Communication with Stakeholders and Key Issues Identification

The Group continued to strengthen the interaction with stakeholders, constantly improved the communication mechanism with stakeholders, and established diversified communication channels. Based on its own development strategies and business operation characteristics, the Group has identified the following major stakeholders groups, including government and regulatory authorities, shareholders and investors, consumers, distributors and suppliers, communities and the general public, media and non-governmental organizations (NGOs), senior management and employees. In the communication with stakeholders, we actively communicated and discussed the ESG management philosophy to all parties, and constantly improved the ESG working system according to the communication results and feedback, so as to jointly achieve sustainable development with all parties. In December 2021, the Group won the prize of "Enterprise with Social Value of 2021" in the award ceremony of "China's Social Value Annual List 2021" sponsored by South Reviews.

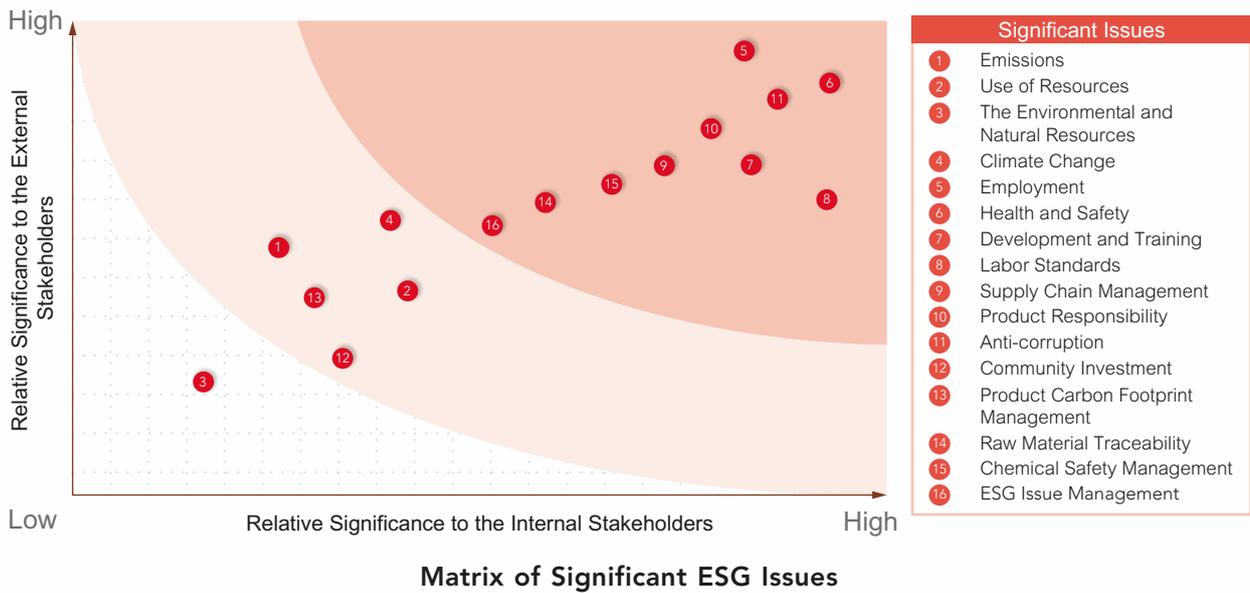
## Communication with and Response from Key Stakeholders

Key stakeholders	Communication channel	Issues concerned	Response
Government and regulatory authorities	Policy guidelines; Regulatory document; Industry meeting; On-site inspection; Off-site regulation	Energy saving and emission reduction; Corporate governance; Compliance operation; Implementation of policy	Implement regulatory policy; Persist in paying tax in accordance with law; Accept supervision and assessment; Carry out green operations; Improve corporate governance system
Shareholders and investors	Information disclosure; General meeting; Road show; Results announcement	Operation strategy; Profitability; Transparency of information disclosure; Climate change	Strengthen ESG management; Maintain brand value; Regularly publish results announcement; Promote risk and internal control management
Consumers	Customer service hotline; Satisfaction survey; Marketing activity; Official website	Product quality; After-sales service; Privacy protection	Establish and improve the quality control and management system; Improve service quality; Protect consumers' rights and interests; Safeguard customer data security
Distributors and suppliers	Regular communication meeting; Daily communication and visits; Cooperation agreement; Strategic negotiation	Fair cooperation; Integrity and compliance; Mutual development	Formulate a transparent and fair procurement system; Enhance environmental and social risk awareness; Establish a good relationship in business cooperation
Community and general public	Charity activity; Volunteer action; Community activity	charitable activities; Community development; Community relations	Regularly conduct volunteer activities; Increase external donations; Promote professional sports knowledge
Media and non-governmental organizations (NGOs)	Press Release; Media platform; Site visit	Corporate influence; Transparency of information disclosure; Ability in public relation	Regularly organize the open day for media; Real-time news release; Timely and objective information disclosure
Senior management	Management meeting; Democratic communication conference; Intranet mailbox; Corporate activity	Labor standards; Health and safety; Supply chain management; Product quality management	Promote the implementation of the ESG system; Improve ESG workflow; Promote internal communication; Strengthen operational supervision
Employees	Trade union; Staff representatives meeting; Intranet mailbox; Corporate activity	Employee remuneration and benefits; Community charity; Development and training; Safety and protection	Bring the role of trade union into play; Enrich employees' life; Care about health of employees; Establish a learning platform; Protect employees' rights and interests

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Based on the 12 disclosure aspects identified in the Environmental, Social and Governance Reporting Guide of the Hong Kong Stock Exchange, and in line with the characteristics of its own business operation and daily communication with stakeholders, the Group added climate change, product carbon footprint management, raw material traceability, chemical safety management and ESG Issue Management, identifying 16 key ESG issues in total.

To evaluate the significance of ESG issues, the Group extensively consulted stakeholders and conducted a questionnaire survey to evaluate the significance of ESG issues among internal and external key stakeholders. According to the feedback results of the questionnaire, the Group analysed and evaluated the significance of ESG issues, sorted out the ranking of the significance of issues, and presented the following results through the significance matrix:



## II. ENVIRONMENTAL MANAGEMENT

### Environmental Management Policy

The Group strictly complies with laws and regulations such as the “Environmental Protection Law of the People’s Republic of China”, “Law of the People’s Republic of China on Prevention and Control of Water Pollution”, “Law of the People’s Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste”, “Law of the People’s Republic of China on Conserving Energy”, and “Measures for the Management of Municipal Solid Waste”. It actively responded to the national call to achieve the goal of “Dual Carbon” so as to undertake the responsibility of energy conservation and emission reduction of enterprise. The Group adhered to the concept of green development by constantly improving the environmental management system, promoting the implementation of environmental protection measures, identifying and responding to the impact of climate change, thus making continuous progress on the road of sustainable development. Li Ning (China) Sporting Goods Co., Ltd. has passed ISO 14001 Environmental Management System Certification. In 2021, no significant pollution and impact on the environment was found in the course of the Group’s production and operation.

### Environmental Management Measures

The Group strictly implemented various internal management systems, including the “Li Ning Company Energy (Resources) Saving Management Standards (李寧公司節能(源)管理標準)”, “Li Ning Company Energy Saving Arrangements (李寧公司節能工作安排)” and “Li Ning Company Energy Saving Measures (李寧公司節能措施)”. It actively practiced the concept of sustainable development in office operation, implemented energy-saving and emission reduction measures, and encouraged employees to integrate green awareness into their work and life. In 2021, the Group continued to strengthen management over emissions and resource use, set environmental goals for office operations, and defined the direction and path of green operations in the future. By doing so, the Group continuously improved its environmental management.

### Emission Management

In 2021, the Group further improved its management measures on exhaust gas by continuing to carry out regular inspections on boiler equipment, strengthening emission reduction practices in logistics sector, and encouraging employees to adopt green commuting to further reduce greenhouse gas emissions. To standardize the disposal of waste generated, the Group cooperated with qualified property service companies to entrust them to collect, classify, stash and arrange classified removal and transportation of the hazardous and non-hazardous wastes, and recycle according to the type and state of waste, with a view to reducing the impact of the Group’s office operation on the environment.

- **Manage boiler equipment according to regulations:** The Group continued to strengthen management over boiler equipment, and controlled boiler pollutant emission in accordance with the “Emission Standard of Air Pollutants for Boiler” to prevent and control air pollution. It regularly carried out maintenance and inspection of boiler equipment to ensure good operation of the equipment, and regularly entrusted professional institutions to test the exhaust emission of boiler equipment to ensure that it meets the emission requirements.
- **Strengthen waste management:** The Group encouraged employees to adopt online office to reduce the use of printing equipment, and recycled the old toner cartridge by replacing chips and filling toner, so as to reduce the generation of hazardous waste. The Group terminated the use of individual garbage cans, and set up public garbage classification area to urge employees to carry out garbage classification. It recycled waste cartons in the offices and logistics, and put them into the disposal point or recycling station.



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- **Adopt low-carbon logistics transportation:** The Group made constant efforts to optimize its logistics transportation process, and actively explored green and low-carbon logistics transportation modes. By establishing regional central warehouses, carrying out centralized returns processing, and coordinating and optimizing transportation plans, the Group has effectively reduced the logistics transportation distance of products from the factory to consumers, and reduced carbon emissions generated in the logistics transportation process.
- **Promote green commuting:** The Group advocated employees to adopt green commuting modes and encouraged employees to take shuttle buses, public transportation or carpool with colleagues going to the same or a nearby destination to reduce the use of private cars during commuting. In addition, the Group installed plenty of electric vehicle charging piles in the office park of the headquarters and provided convenient charging conditions for employees to support employees to use electric vehicles, and effectively reduce the carbon emissions generated by employees' daily commuting.

### Resource Usage Management

The Group continued to practice the concept of green office. It promoted sustainable development in production and operation by improving energy use efficiency, effectively using clean energy, and carrying out resource use management from headquarters to subordinate stores, from office operation to warehousing and logistics.

- **Promote smart office:** The office park of the Group's headquarters in Beijing continued to optimize and use efficient building automatic control system, check and calibrate sensor functions, to safeguard and strengthen the control function of building automatic control system in energy saving. The Group required that the air conditioning be automatically turned off half an hour before the end of work, and provided air conditioning centrally for employees who need to work overtime. A temperature-controlled sensing canopy is installed on the roof-top of office buildings and other venues, which can be automatically opened in hot days to reduce the indoor temperature in time and reduce the energy consumption of air-conditioning cooling.
- **Use clean energy:** The Group actively developed and utilized solar energy by installing solar panels on the roof-top of the buildings of the office park of its headquarters to provide the office park with electricity partly required for daily operation through solar energy. Currently, 1.45 MW of solar power is installed in the office park of its headquarters, generating an average of 4,500 KWh/day and reducing CO<sub>2</sub> emissions by 2,700 kg per day.
- **Strengthen water management:** The Group attached importance to scientific utilization and conservation of water resources. It made full use of landscape water to water plants, thereby improving the utilization rate of water resources. Meanwhile, the Group conducted daily maintenance and repair of water-use equipment to avoid waste caused by equipment leakage. In addition, the Company's canteens replaced thawing under running water with thawing at cold closet or thawing by soaking in water to reduce the water consumption of food thawing process.
- **Practice green office:** The Group advocated green operation concept, promoted green office mode, and called for employees to form energy-saving and low-carbon good office and living habits. The Group encouraged employees to "turn off the lights when leaving" and "turn off the air conditioner when leaving", and actively guided employees to use the stairs instead of elevators, so as to reduce energy consumption. As of the end of the reporting period, 80% of lighting equipment in buildings and venues of the office park of the headquarters was replaced with LED lights, all monitoring equipment was upgraded to the ones with night vision, and the use of emergency lights was reduced by 50%. In addition, the Group vigorously promoted the publicity and education of green operation concept, and carried out the "four ones" campaign (i.e. saving one kilowatt-hour of electricity, one drop of water, one litre of gasoline and one piece of paper) to improve the awareness of energy saving and consumption reduction among employees.

- **Save office paper:** The Group advocated paperless office by encouraging employees to handle daily work through electronic equipment and office systems, thus reducing the use of facsimile paper and paper meeting materials. Employees were required to carefully check the contents to be printed before printing to avoid repeated printing caused by mistakes or omissions in contents or improper format. In addition, employees were advised to make full use of waste paper in office processes such as preparing drafts and pasting invoices to reduce paper consumption.
- **Strengthen management of packaging materials:** The Group adopted uniform management on the use of packaging materials, and took measures to reduce the use of packaging materials, such as reducing the generation of packaging waste through precise design and cutting. It used environmentally friendly recyclable paper and adhesive outer boxes to increase the recyclability of packaging, and promoted packaging diversity, such as designing the packaging into shoebox display box or storage box, to increase the useful life of packaging materials in the hands of consumers. In addition, the Group tried to adopt environmentally friendly packaging materials, and gradually promoted the use of plastic bags made of RPET<sup>1</sup> material. In 2021, the Group has used 50,000 bags made of 100% RPET material, and plans to expand the use of this material to more than 1 million bags by 2022.
- **Energy saving management for warehouses:** The Group improved energy use efficiency by upgrading energy-consuming equipment in warehouses, used LED energy-saving lamps in the newly rented warehouses, and gradually replaced the lamps used in the existing warehouses with energy-saving lamps. At the same time, we assigned specific persons in each warehouse to manage the electricity consumption in the area, to ensure that lighting is turned off during non-working hours and non-working areas to reduce power consumption.
- **Energy saving management for stores:** The Group explicitly stipulated the setting range of air conditioning temperature in stores in winter and summer to avoid energy waste. Energy-consuming equipment such as air conditioners were cleaned and maintained regularly to ensure their energy efficiency. Time control switches were installed for the shop signs to adjust the opening time according to sunlight of different seasons. The Group required stores to standardize the daily use of lighting, computers and other office supplies, timely shut down unnecessary power-consuming equipment to reduce electricity consumption. In addition, the Group paid close attention to the environmental impact of the store decoration process. In the construction process, the stores were required to use environmentally compliant construction materials and adopt low-noise construction methods to actively eliminate the negative impact on the environment and surrounding communities.

<sup>1</sup> RPET: "PET" stands for polyethylene glycol terephthalate, "R" stands for "recycle", and "PRET" stands for "recycled polyethylene glycol terephthalate".





# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Environmental goals

In order to further practice the green and low-carbon operation concept of the Group, promote the implementation of ESG management measures and achieve better green development, the Group has set relevant environmental goals in terms of reducing greenhouse gas emissions and waste, and saving energy and water. The details are as follows:

Type of Goal	Content of Goal
Carbon emission goal	By the end of 2040, Li Ning Central Park will achieve carbon neutrality.
Waste goal	By the end of 2022, the waste classification will be fully implemented in the whole company. Maintain 100% of the waste generated in Li Ning Central Park processed by qualified companies.
Energy use goal	By the end of 2024, 100% of the lamps in Li Ning Central Park will be replaced by LED energy-saving lamps. Since 2022, the average annual purchased power consumption per square meter of floor area of Li Ning Central Park will not be higher than 70 KWH/square meter. In 2022, Li Ning Central Park will implement at least one energy-saving renovation project.
Water resource use goal	Since 2022, the average annual consumption of water per square meter of floor area of Li Ning Central Park will be no more than 0.62 tons/square meter.

## 2021 Environmental Performance

Unless otherwise stated, the statistical basis of environmental performance herein covered the Group's headquarters and major operating premises of retail subsidiaries in the PRC, including Li-Ning Centre situated in Beijing, Shanghai office area, Foshan office area and Jingmen Logistics Park as well as each of the retail subsidiaries, whereas the rest will be included as and when appropriate in the future.

## 1. EMISSION<sup>1</sup>

Indicator	Performance
Total emission of greenhouse gases (Scope 1 and Scope 2) (tons) <sup>2</sup>	5,494.73
Emission of greenhouse gases per square meter of floor area (Scope 1 and Scope 2) (tons/square meter)	0.03
Direct emission (Scope 1) (tons)	634.56
Company car oil consumption	4.25
Natural gas	630.31
Indirect emission (Scope 2) (tons)	4,860.17
Purchased electricity	4,860.17
Total amount of hazardous waste (tons) <sup>3</sup>	0.61
Weight of hazardous waste per square meter of floor area (tons/square meter)	0.000003
Total amount of non-hazardous waste (tons) <sup>4</sup>	1,051.67
Weight of non-hazardous waste per square meter of floor area (tons/square meter)	0.0051

### Notes:

- Due to the nature of the Group's operation, the number of company cars is small, so the emission of nitrogen oxides, sulfur oxides and other exhaust gases is small. The major types of gas emissions are greenhouse gases as well as electricity and fuels converted from fossil fuels.
- Greenhouse gases included carbon dioxide, methane and nitrous oxide, which were mainly from purchased electricity and fuel. Greenhouse gas emission data is presented in carbon dioxide equivalents and is computed with reference to the "2019 Baseline Emission Factors for Regional Power Grids in China for Emission Reduction Projects" (《2019年度减排項目中國區域電網基準線排放因子》) issued by the Ministry of Ecology and Environment of the People's Republic of China and the "2019 Refinement to the 2006 IPCC Guidelines for National Greenhouse Gas Inventory" (《IPCC 2006年國家溫室氣體清單指南 2019修訂版》) issued by the Intergovernmental Panel on Climate Change ("IPCC").
- Types of hazardous waste generated from the Group's operation mainly included waste lead-acid batteries and waste ink cartridges, waste toner cartridges and waste toner incurred by the printing equipment in offices, etc.. The waste lead-acid batteries were disposed of by qualified professional companies, while the waste toner cartridges, waste ink cartridges and waste toner incurred by the printing equipment in offices were replaced and recycled by the respective print service providers.
- Non-hazardous wastes generated from the Group's operation mainly included office waste, kitchen waste and waste production hard disks. Office waste and kitchen waste were centrally processed at the premises where they are located, while waste production hard disks were recycled by recyclers. In particular, the office wastes of the Group's retail subsidiaries in Harbin, Daqing, Dalian, Guangzhou, Chengdu, Wuhan, Shenyang and Foshan office area were centrally processed at the premises where they are located, which cannot be measured separately. However, we have estimated according to the "Coefficient Manual of the First National Census on Pollution Sources for the Pollutant Generation and Discharge from Urban Living" (《第一次全國污染源普查城鎮生活源產排污係數手冊》) issued by the State Council.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 2. ENERGY AND RESOURCES CONSUMPTION

Indicator	Performance
Total energy consumption (MWh) <sup>1</sup>	12,387.13
Energy consumption per square meter of floor area (MWh/square meter)	0.06
Direct energy consumption (MWh)	4,807.89
Gasoline	17.37
Natural gas	3,223.46
Solar energy	1,567.06
Indirect energy consumption (MWh)	7,579.24
Purchased electricity	7,579.24
Daily water consumption (tons) <sup>2</sup>	81,768.68
Daily water consumption per square meter of floor area (tons/square meter)	0.39
Total amount of paper used (tons) <sup>3</sup>	27.69
Total amount of packaging material used for finished products (tons) <sup>4</sup>	25,375.54
Amount of packaging material for finished products consumed per million revenue (tons/million yuan) <sup>5</sup>	1.12

Notes:

- Energy consumption data, including purchased electricity, solar energy, natural gas and company car oil consumption, is computed according to the relevant conversion factors provided under the "General Rules for Calculation of the Comprehensive Energy Consumption (GB/T2589-2020) 《綜合能耗計算通則 (GB/T2589-2020)》", the national standard of the People's Republic of China.
- Daily water consumption of the Group includes tap water and reclaimed water, mainly from municipal water supply, and there were no problems found in obtaining applicable water sources. In particular, daily water consumption of Shanghai office area, and the Group's retail subsidiaries in Lanzhou, Xiamen, Hefei, Tianjin, Guangzhou, Chengdu, Hangzhou, Wuhan, Shenyang, Xi'an, Changchun, Changsha and Jinan were controlled by the premises where they are located and the water charges are included in property management fees. Since water consumption cannot be measured separately, we have estimated the water consumption with reference to the national standard "Standard for Design of Water Supply and Drainage of Buildings (GB50015-2019) 《建築給水排水設計規範》(GB50015-2019)" issued by the Ministry of Housing and Urban-Rural Development of the People's Republic of China.
- Copying paper includes both A4 and A3 copying paper.
- Packaging material mainly includes plastic packaging bags, paper boxes, cartons and paper bags.
- Amount of packaging material consumed per million revenue represents the weight of packaging material consumed per million income of the Group.

## Climate Change

With the increasingly significant impact of climate change on business operations, and the rolling out of the national “30 · 60” peak carbon dioxide emissions and carbon neutrality targets, it is expected that relevant environmental regulations will be increasingly stricter, and the capital market and investors will pay increasing attention to climate change. In this context, the Group closely monitors the climate change issues, and recognizes the far-reaching and extensive impact of climate change on business models. In order to cope with the impact of climate change on the operation continuity and sustainability of the Group, the Sustainable Development Department of the Group identified and sorted out the main climate change risks and opportunities related to the Group through communication, investigation and research with various functional departments and stakeholders catering to the development needs of the Group’s business strategy. By analyzing the impact of risks and opportunities, relevant response strategies were developed.

The main climate change risks and opportunities identified by the Group and the response strategies to address them are as follows:

Type of Risk/ Opportunity	Potential Impact	Response Strategy
<b>Risk of transformation</b> Changes in policies, laws and regulations	China has been paying great attention to the impact of climate change on the country and society, actively promoting energy conservation and carbon reduction, and proposed the “Dual Carbon” goals of peak carbon dioxide emissions by 2030 and carbon neutrality by 2060. In order to achieve these goals, China will introduce and implement relevant supporting policies and regulations for energy saving and carbon reduction, which may have an impact on the supply chain and the production activities of factories.	Regularly follow changes in environmental protection, energy saving and low-carbon policies and regulations, including policies and regulations that have been implemented, will be implemented and are under discussion.  Identify and analyse the regulatory requirements that may affect the supply chain and factory production. Maintain communication with internal supply chain management departments and supply chain factories to learn about the latest news and specific requirements of the implementation of regulations, timely feedback the impact of regulatory changes on suppliers’ production, and discuss the problems encountered to seek solutions.
Changes of consumption concept in the end consumer market	As consumers pay more attention to climate change, their awareness of environmental protection and low carbon will be enhanced, and their consumption demand, behaviour and habits will make them prefer green, low-carbon and sustainable products.	Pay attention to the change trend of consumer demand, consumption habit and behaviour, integrate the green concept into the process of product design, manufacturing, packaging and transportation, and promote and publicize the green concept in the product end, so as to meet the consumer demand for green concept products in the end consumer market.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Type of Risk/ Opportunity	Potential Impact	Response Strategy
Impact on brand reputation	As climate change becomes a hot topic, various stakeholders, such as investors, the general public, the media, NGOs, etc., are paying increasing attention to climate change actions taken by the brand.	Collect and sort out information and data related to climate change, maintain good communication with all stakeholders, and present the progress and results of relevant work rigorously and accurately to reduce the negative impact on brand reputation caused by information asymmetry or misleading stakeholders with false information.
Raw material supply	The quality and cost of raw materials used in products may be affected due to the occurrence of extreme weather and changes of climate conditions in some regions.	Pay attention to the climate of production places of raw material and the price fluctuation of raw material market. If the quality of raw material is affected or the price increases significantly, the supplier of raw material will be replaced in time, and other types of substitutes will be developed and used.
<b>Risk of entity</b> Operation continuity	The occurrence of extreme weather or natural disaster may affect store operation, raw material supply chain, factory production continuity and logistics transportation, storage of goods, etc.	Pay attention to the occurrence time and characteristics of extreme weather in different regions, especially in regions where extreme weather is frequent and may lead to interruption of operation, production or logistics transportation, and maintain communication with relevant functional departments to ensure continuity of store operation, order production and transportation. In addition, we will continue to build regional central warehouses to enhance product storage and supply capacity, and gradually incorporate climate change into the considerations on approving the introduction of supply chain plant.
<b>Opportunity</b> Application of science and technology	Application and promotion of green technology related to textile. For example, the technological innovation of production process, the use of green energy, the technological innovation of raw materials and additives, etc., will bring new challenges and reform opportunities to the future supply chain production.	Implement carbon reduction goal of the Group, pay attention to the application of green technologies and materials in the textile industry, and gradually advocate and implement mature and feasible green technologies in the supply chain according to the needs of the Group's operation and development and goal achievement.

### **III. EMPLOYMENT MANAGEMENT**

The Group strictly complies with the laws and regulations such as the “Labor Law of the People’s Republic of China”, “Law of The People’s Republic of China on Employment Contracts”, “Social Insurance Law of the People’s Republic of China”, “Law of the People’s Republic of China on the Prevention and Control of Occupational Diseases”, “Production Safety Law of the People’s Republic of China” and “Employment Ordinance” in Hong Kong area. It has continuously improved the staff management system, formulated various systems and measures including “Staff Handbook” and “Regulations on Staff Attendance and Leave”, and reviewed and updated the relevant policies and systems of staff regularly according to the revision of laws and regulations, so as to establish a sound institutional safeguard for the talent training of the Group. Based on its future development strategy, the Group constantly discovers and introduces talents, strengthens the building of talent team, improves the staff remuneration and benefits and health management system, and safeguards the rights and interests of employees by promoting anti-discrimination and equal opportunity to foster a fair, diverse and mutually respectful working environment, with a view to promoting mutual growth of employees and the Group and boosting the harmonious and sustainable development of the Group. As of the end of the report period, the Group had 4,019 employees, among which 3,838 employees were at the Group’s headquarters and retail subsidiaries, and 181 employees were at other subsidiaries.

In 2021, the Group won many honorary titles and awards, including the “Top 50 Leading Enterprises in Human Resource Management in China 2020-2021” of the 3rd China Human Capital · Employer Brand Super Summit, “2021 Top Human Resources Management Awards” of 51Job, “Golden Jubilee Award 2021 for Excellent Employer Enterprise” of China Investment Network, “Best Employer Award in China 2021” of Zhaopin.com and “King’s Ark · Award for Employer Most Cherishing Talents” of BOSS.

#### **Lawful Employment to Safeguard Rights and Interests**

The Group introduces talents through the Company’s official website, external recruitment websites, campus recruitment, school-enterprise cooperation and internal recommendation, always adheres to the principle of openness, fairness, competition and merit-based in the recruitment and promotion processes, and provides equal opportunities and fair treatment to all employees. Any decision on appointment, promotion or termination of employment contract is made based on reasonable and lawful reasons and internal policy, and any form of unfair or unlawful dismissal is strictly prohibited. The Group has developed a harmonious and stable employment relationship with employees.

The Group strives to form a diversified team, and stipulates in its “Staff Handbook” that it shall fully respect the dignity and equality of employees, and shall not discriminate against, openly or privately, any employee on any occasion due to his/her ethnicity, color, gender, religion, political stance, disability, nationality, family background and age openly or implicitly. The Group adopts zero-tolerance attitude towards any discrimination in the workplace, the whole employment process, promotion and compensation, and encourages employees to report any incidents involving discrimination to the Company. In the event of discrimination, the Group will be responsible for assessing and recording the incident and taking necessary action in respect of such incident.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group upholds open communication concept and “open channels, transparent modes and smooth process” principles, continues to strengthen democratic communication and improves employee feedback communication mechanism by providing employees with formal and open channels of communication, such as trade union, suggestion box and face to face communication. It pays attention to protect employees’ information, encourages employee to propose feedback, suggestions and demands, so as to speak up for their legitimate rights and interests. The Group will solicit the opinions and recommendations of the trade union representatives on all major measures involving the vital interests of employees, and implement them with the consent of the trade union representatives after voting.

In order to prevent the illegal employment of child and forced labor, our “Staff Handbook” expressly stipulates that the age of candidate must comply with provisions of laws and regulations, and we shall strictly check the valid identification document of the candidate before confirming employment to ensure he/she must meet the legitimate age. We clearly describe the job responsibilities to the candidates during recruitment, timely sign the labor contracts with them in accordance with national regulations to guarantee the legal right of employees to rest during work, and pay attention to the reasonable work intention and rest demands of employees, and prohibit forced labor. If child labor or forced labor is found, the Group will timely investigate the situation according to the requirements of local labor authorities, including communicating with guardians of the minors and learning about the work intention of the forced workers, etc., and take measures such as adjustment of work, dismissal and holding people involved accountable based on the investigation results, so as to eliminate the violation as soon as possible. No employment of minors or forced labor was found by the Group in 2021.

## Employment of Employees<sup>2</sup>

Indicator		As of 31 December 2021
By gender	Male employees (person)	1,105
	Female employees (person)	1,324
By employee type	Full-time employees (person)	2,429
	Part-time employees (person)	0
By age	Employees under 30 years old (person)	494
	Employees between 30 years old (inclusive) and 50 years old (exclusive) (person)	1,876
	Employees over 50 years old (inclusive) (person)	59
By region	Employees in Mainland China (person)	2,396
	Employees in Hong Kong, Macao and Taiwan regions (person)	24
	Overseas employees (person)	9

<sup>2</sup> The scope of statistics includes headquarters and retail subsidiaries, excluding Guangxi supply base.

## Employee Turnover Rate<sup>3</sup>

Indicator	As of 31 December 2021
Employee Turnover Rate (%)	16.07
By gender	
Turnover rate of male employees (%)	17.73
Turnover rate of female employees (%)	14.73
By age	
Turnover rate of employees under 30 years old (%)	32.84
Turnover rate of employees between 30 years old (inclusive) and 50 years old (exclusive) (%)	12.40
Turnover rate of employees over 50 years old (inclusive) (%)	6.25
By region	
Turnover rate of employees in Mainland China (%)	16.17
Turnover rate of employees in Hong Kong, Macao and Taiwan regions (%)	4.26
Turnover rate of overseas employees (%)	21.95

## People-oriented and Mutual Harmony

Upholding the concept of mutual development with employees, the Group formulates competitive compensation strategy that matches the Company's strategy, designs a scientific and efficient remuneration management system, and adjusts and optimizes the Company's compensation level and compensation structure from time to time to fully attract, motivate and retain excellent talents, so as to achieve a win-win situation between the Company and employees. The Group conducts performance appraisal for all employees, and sets up various incentive systems, including providing sales bonuses, sales commissions, share options and share incentives to outstanding employees to recognize their contributions to the Company and encourage them to perform better.

The Group creates a diversified and flexible benefit platform for employees, and follows the differentiated benefits strategy to meet the individual needs of employees and enhance their happiness and satisfaction. According to the requirements of the national and local government, the Group has provided various social insurances and housing provident fund for employees, as well as additional benefits such as catering and transportation subsidies, wedding and baby birth presents, allowance for traditional festivals, annual health examination and supplementary commercial insurance.

The Group encourages employees to maintain a balance between work and life, and has formulated the "Employee Attendance and Leave Management System" to arrange the working hours in accordance with the law. In the case of exceeding the standard working hours, the Group will compensate employees by way of compensatory leave or overtime payment. In addition, the Group guarantees that employees are entitled to statutory holidays, annual leave, maternity leave, paternity leave, sick leave, etc..

The Group has set up a mutual assistance fund to help employees who encounter difficulties in daily life due to accidents or critical illness, thereby easing their burden and making them feel the caring warmth from the Company. The Group has set up maternal and infant rooms in Beijing Office Park to provide convenience, warmth and care for women employees with breastfeeding needs. The Group has set up Li Ning & OCEG Kindergarten and furnished with high-quality teachers, to provide high-quality and convenient education for employees' children and enrich the surrounding community with high-level education resources, and continued to carry out the exploration of harmonious development of enterprises and communities. In addition, the Group has set up "Care Center under Home for Employees" to help employees solve their child care problems during extreme weather or winter and summer vacations.

<sup>3</sup> The scope of statistics includes headquarters and retail subsidiaries, excluding Guangxi supply base.

### **Safeguard Safety and Caring for Health**

This Group strictly abides by laws and regulations such as the “Law of The People’s Republic of China on Employment Contracts”, the “Production Safety Law of the People’s Republic of China”, the “Law of the People’s Republic of China on the Prevention and Control of Occupational Diseases” and the “Fire Control Law of the People’s Republic of China”, continues to improve staff health management system, strengthens the fire safety controls, and establish a normalized epidemic prevention and control mechanism to fully safeguard employees’ safety and health.

### **Focusing on Employees’ Health**

The Group cares for the physical and mental health of employees from four aspects, including health examination, healthy exercise, healthy diet and supplementary medical treatment. It provides commercial insurance including supplementary medical insurance, personal accident insurance and critical illness insurance for employees, and provides physical examination and annual physical examination for each employee on induction. The Group attaches importance to the health and well-being and occupational disease prevention needs of employees, so it sets up physical rehabilitation research centers and health consulting rooms in Beijing Office Park to provide employees with basic medicines for treating and preventing common diseases such as cold, cough and summer heat prevention to protect the health of employees.

As a sports brand company, the Group organizes a variety of cultural and sports activities to enrich the leisure life of employees. It sets up many sports clubs. There are badminton courts, basketball courts, tennis courts, swimming pools, football field, yoga rooms, gymnastic room and other sports venues in the office park of Beijing. It provides a wide range of fitness facilities, and organizes many sports activities, such as sports contests and brisk walking to allow employees cultivate the habit of exercise in their spare time to release pressure, relax their body and mind and maintain a healthy body and a cheerful mood.

The Group develops a scientific diet system for employees, and regularly inspects the hygiene and food quality of the staff canteen to ensure the quality and safety of the food. The Group gives lectures on health knowledge on an irregular basis every year and encourages employees to participate in them actively, aiming at improving employees’ health concept, popularizing health knowledge, playing a certain warning role in occupational disease prevention, and improving employees’ own health-care ability. In addition, the Group organizes all employees to participate in the “Health Cup” employee safety emergency skills and knowledge competition, carries out the “March 8th” female employees’ health knowledge competition and organizes brisk walking activities for employees and their families, so as to promote the development of good and healthy work and life style of employees.

➤ ***Sport is key to Life – Diversified Sports Activities for Employees***

During the 31st Anniversary Celebration of the Group, we organized various sports activities in Beijing, Shanghai, Foshan and other cities. Employees were encouraged to take an active part in those activities, for example, badminton competition, 4v4 basketball competition, table tennis competition, tennis competition, etc., to enrich their leisure life, cultivate their team spirit, and show the athletic demeanor of Li Ning's staff.



**Staff Basketball Game**

**Strictly Safeguard Fire Safety**

The Group insists on maintaining the safety of workplace and constantly strengthens fire safety management. We have formulated systems and contingency plans including “Li-Ning Centre Emergency Evacuation Plan (《李寧中心應急疏散預案》)”, “Fire and Electricity Safety Management System (《用火用電安全管理制度》)”, “Fire Prevention Patrol and Inspection System (《防火巡查、檢查制度》)” and “Safe Evacuation Management System (《安全疏散管理制度》)”, set up fire safety emergency response mechanism, and carried out propaganda activities on use of fire-fighting equipment and fire safety knowledge as well as fire emergency response drill, thereby effectively enhancing employees’ fire safety awareness and ability to respond to fire emergencies. We have set up a miniature fire workstation in Beijing Office Park, carried out drills every month on the use of firefighting equipment to demonstrate how to wear fire suit and connect fire hydrant, and organized training every quarter on fire safety knowledge for new employees, property service staff and kitchen staff. On 9 November, 2021, we organized to carry out a fire evacuation drill for employees according to the fire emergency plan to help them get familiar with evacuation routes and procedures. The Jingmen Logistics Park of the Group conducts repair and maintenance of fire equipment every month, checks the status of firefighting equipment in its buildings every year, and carries out 2 emergency evacuation fire-drills every year to enhance employees’ survival skills and the ability to use firefighting equipment. In addition, a volunteer fire brigade is established in the park, trainings on special fire protection issues are organized regularly to enhance the security defense and self-rescue skills of the logistics park.

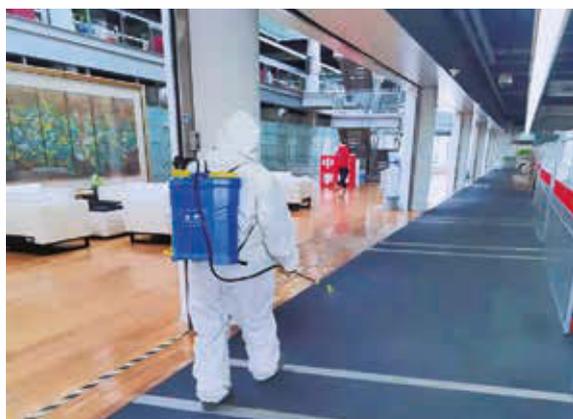
## Regular epidemic prevention and control

In 2021, the Group set up a regular epidemic prevention and control mechanism, followed the principle of “reporting epidemic immediately and responding quickly”, and closely kept abreast of the epidemic situation in the locations where it operated. The Group took several measures to support the smooth and orderly business operation, including formulating an epidemic prevention manual, strengthening internal communication and information synchronization management, improving employees’ health information detection and enquiry system, timely and systematically planning epidemic response measures, organizing employees in areas with epidemic risk to make daily health report and employees in key epidemic areas to conduct nucleic acid test, and establishing a flexible office working mode.

- Beijing Office Park: Strictly check the Health Kit and Travel Code when people and vehicles enter the park. Disinfect the office areas, toilets, meeting rooms, door knobs and other places in the office park three times a day, and disinfect the filter section of the central air-conditioning by spraying disinfectants every day. The canteen adopts staggered serving system at different periods of time, and requires a single person eating at a single table to reduce the density of dining staff, thereby providing safe and healthy dining environment for employees.
- Jingmen Logistics Park: Establish an epidemic prevention materials reserve plan to regularly inspect the reserved materials. enhance emergency response capabilities by setting up a nucleic acid test site in the park to test the health status of employees in a timely and effective manner. Maintain communication with the local epidemic prevention and control departments, establish and update the emergency contact list regularly.

## Occupational Health and Safety<sup>4</sup>

Indicator	Number
Number of work-related deaths of employees	
—— Number of work-related deaths of employees in 2019 (person)	0
—— Number of work-related deaths of employees in 2020 (person)	0
—— Number of work-related deaths of employees in 2021 (person)	0
Proportion of work-related deaths of employees	
—— Proportion of work-related deaths of employees in 2019 (%)	0
—— Proportion of work-related deaths of employees in 2020 (%)	0
—— Proportion of work-related deaths of employees in 2021 (%)	0
Working time lost due to occupational injury (day)	154



Venue disinfection



Drilling of using fire-fighting equipment

<sup>4</sup> The scope of statistics includes headquarters and retail subsidiaries, excluding Guangxi supply base.

## Talent Training and Mutual Value Creation

The Group provides employees with diversified learning opportunities and room for all-round development, encourages and guides employees to improve their professional skills and comprehensive quality and develop necessary abilities to achieve the Company's strategic objectives. It helps employees grow and realize their personal values, with a view to forming a talent team for comprehensive and sustainable development and driving the Company's future development.

The basic principles of our training are as follows:



### Li Ning's Basic Principles of Training

The Group enters into a Training Agreement with employees to provide basic trainings programs such as induction training and pre-job training for all employees. Following the "721" principle of talent cultivation (i.e. 70% learning from experience, 20% learning from others and 10% learning from formal training), we provide diversified training and learning opportunities for employees such as internal course training, on-the-job learning, job-rotational learning and tutoring and feedback. We also provide training fees and carry out special training for the outstanding employees evaluated.



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- **Internal course training:** Adopt hybrid learning method combining online and offline modes to provide differentiated courses for employees of retail-end and functional positions, so as to help employees quickly improve their working skills and management ability. Currently, an online learning course system consisting of 4 categories and 16 sub-categories, including general skills, professional skills, management skills and enterprise culture has been established, aiming to deliver knowledge efficiently and effectively. In offline learning, we focus on integrating learning contents into work and practices to achieve the integration of teaching and practice, so as to help employees better understand the learning objectives and further acquire the knowledge effectively.
- **On-the-job learning:** Continuously improve the ability through practical learning in specific work, mainly through task-oriented training or project-oriented training. Project teams are formed by employees within or across departments to jointly complete the practical tasks, so as to improve the working efficiency of the organization and create value jointly.
- **Job rotational learning:** Advocate job rotation within or across the system, and give priority to excellent internal talents the training and development opportunities, so as to achieve talent flow and incentive retention while expanding the depth and breadth dimensions of employees' work.
- **Tutoring and feedback:** Adopt the "dual-tutor" system, that is, each employee is provided with two tutors. The first tutor is the employee's immediate superior, who helps the employee analyze his/her advantages and disadvantages in daily work, guides the employee to make up for his/her shortcomings and give full play to his/her advantages. The second tutor is the employee's indirect superior, who is responsible for helping the employee make his/her career development plan and coordinating training resources, communicating with the employee regularly, and sharing successful experience, thus to broaden the employee's horizon and train his/her diversified modes of thinking.

### ➤ ***Develop employees' management ability—Mini-MBA online learning program***

In November 2021, the Group officially launched the Mini-MBA online learning program. This project is jointly launched by the Group and a digital learning company. Based on the MBA system of the business schools, Mini-MBA builds a systematic management knowledge structure and focuses on solving the pain point that managers lack a holistic vision and systematic management foundation. Courses are organized around the Mini-MBA diamond model, involving 6 themes, including strategy, leadership, innovation, marketing, human resource management and financial management. With 51 courses under 11 modules in total, they help managers comprehensively understand the operation mechanism of enterprises. Mini-MBA courses are mainly based on mobile learning. Employees can efficiently use fragmented time and gradually cultivate learning consciousness. In addition, the learning contents can be practiced according to scenarios, which not only enhance the interaction, but also help managers quickly internalize knowledge points and bring more efficient learning experience for management personnel.

## Employee Trainings in 2021<sup>5</sup>

Indicator		Proportion (%)	Average Training Time (Hour)
By gender	Male employees	100	10.94
	Female employees	100	11.02
By type	Management employees	100	10.43
	Non-management employees	100	11.09

## IV. SUPPLY CHAIN MANAGEMENT

The Group has constantly improved its social responsibility management system of supply chain, formulated policies systems such as "Supplier Management System (《供應商管理制度》)", "Code of Conduct Regarding Social Responsibilities of Suppliers of Li Ning Company (《李寧公司供應商社會責任行為準則》)", "Manufacturing Restricted Substances List and Policy of Li Ning Company (《李寧公司生產工藝中限用物質清單政策》)", "Manual for Social Responsibility Management of Suppliers of Li Ning (《李寧供應商社會責任管理手冊》)" and "Social Responsibility Implementation Guideline of Li Ning's Supplier (《李寧供應商社會責任實施指南》)". It continued to strengthen environmental and social risk management of its suppliers, increased the proportion of high-quality suppliers in cooperation, and carried out green supply chain and product research and development and collaboration, committing to driving brand value chain partners to jointly practice social responsibility and building a sustainable value chain. As of the end of the reporting period, the Group currently has a total of 357 suppliers.

## Number and Distribution of Suppliers

Indicator	As of 31 December 2021
Number of suppliers in Mainland China	355
Number of suppliers in overseas area and Hong Kong, Macao and Taiwan regions	2

The Group incorporates ESG concepts and standards into introduction, assessment, improvement and termination of suppliers. It regularly follows the updates and changes of ESG related laws and regulations, policies and industry standards, and timely incorporates them into supply chain audit and assessment tools. The Group clarifies its environmental and social risk management requirements to suppliers. It also helps suppliers continue to improve their environmental and social risk management, with the aim to mutually build a safe, inclusive and mutually respectful workplace and promote sustainable development of supply chain partners.

## Introduction of Suppliers

In the supplier introduction stage, the applicant department shall put forward the application for new supplier cooperation, and all relevant departments shall cooperate to carry out the document audit and on-site audit of the potential supplier, and upload the audit opinion to the supplier management system, and the supplier management department shall judge whether it meets the requirements of introduction according to the opinions of various departments. For the potential supplier that meets the requirements, the introduction assessment result shall be approved by the senior management, and finally approved by the CEO to complete the introduction procedure.

<sup>5</sup> The scope of statistics includes headquarters and retail subsidiaries, excluding Guangxi supply base.



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In the introduction assessment stage, in addition to requiring suppliers of physical production plants to provide basic information such as qualification, scale requirement, quality system and production technology, the Group also conducts social responsibility audit on suppliers in terms of labor, occupational health, fire prevention, chemical management and environmental protection. Other audit work can be proceeded after the completion of this process. The Group will terminate the introduction process of the potential supplier if zero-tolerance circumstances such as commercial bribery, employment of child labor or forced labor and illegal discharge of sewage are found during the audit. If it is found that there are other significant environmental and social risk items, the introduction process will be suspended, and cannot be resumed until the systematic rectification is completed. In 2021, a total of 50 formal suppliers entered the social responsibility audit at the introduction stage of the Group, and 100% of them passed the introduction assessment after the initial and secondary reviews.

### Assessment of Suppliers

The Group conducts quarterly and annual social responsibility audits on suppliers to timely identify possible environmental and social risks in the supply chain, and supervise suppliers to make rectification and improvement within a prescribed time limit.

The Supplier Management Department of the Group works with the production team, R&D team, development team, supply chain team and quality and sustainable development team to sort out the cooperation situation of the supply chain, organize and conduct quarterly evaluation every quarter. The Group will issue a self-examination notice at the beginning of the first month of each quarter, requiring suppliers to conduct self-examination in the third month of the quarter and submit relevant documents with transparency, clarity, relevance, timeliness and traceability. We will review and assess the submitted documents, and send the continuous improvement requirements for the following quarter to suppliers. The quarterly assessment mainly covers business ethics, employment, working hours, wages and benefits, occupational health, energy and environmental performance, chemical management, safety and business continuity. The Supplier Management Department collects and summarizes the quarterly assessment results of all relevant functional departments, organizes quarterly assessment meeting, in which each department summarizes the work of the quarterly supplier assessment, the problems of suppliers in each aspect, and the improvement of goals and plans, and reports the evaluation results to the CEO. In 2021, the Group conducted quarterly assessment and evaluation on all suppliers' self-examination/self-report, including 152 times of review on Tier 1 plant documents in relation to social responsibility and 224 times of review on Tier 2 plants' environmental documents.

Each year, the Group will select corresponding suppliers according to the degree of cooperation and the assessment results of the previous year, and carry out on-site audit/assessment work of the new year. The audit/assessment content includes social responsibility audit, environmental audit, chemical on-site assessment and carbon inventory inspection. After the annual assessment, the Group will make a rectification plan for the problems found in the supplier audit/assessment and arrange person in charge of rectification to track the progress and results of rectification at the end of the year.

In 2021, the Group rechecked the red line termination criteria. If a supplier has a major quality, integrity or social responsibility incident or the comprehensive assessment is lower than the minimum standard for three consecutive quarters, we will commence the termination process.

➤ **Social responsibility audit**

In 2021, the Group conducted social responsibility audit for 40 suppliers. The audit and assessment results are shown in green card, blue card, yellow card and red card, where the red card means disqualified level<sup>6</sup>. The audited suppliers were required to rectify issues such as energy and environment, safety and business continuity, business ethics and labor employment within a specific time limit. After the rectification, 16 suppliers have obtained the green card and 14 have obtained the blue card.

➤ **Environmental audit**

In 2021, the Group appointed third-party audit agencies to carry out on-site audit and assessment of environmental compliance on the 13 representative core material suppliers, among which all suppliers followed up and rectified problems found, and all suppliers received green card assessment after rectification.

➤ **Supply chain carbon inventory inspection**

The Group started to cooperate with third parties to conduct carbon inventory inspection on major suppliers from 2020 with a view to learning about the ability of suppliers to save energy and reduce carbon emissions, and further strengthening ESG management of supply chain. In 2021, the Group conducted carbon inventory inspection on 14 suppliers. On-site carbon inventory inspection includes training on the requirements of relevant national laws and regulations on energy conservation and emission reduction, identification and analysis of energy use types and carbon emission sources, collection and verification of carbon emission data, customization of carbon emission calculation tools and calculation of carbon emissions. The implementation of carbon inventory inspection project deepens the understanding of Group's supply chain on national energy conservation and emission reduction policies, improves the supply chain's ability to manage energy use and carbon emissions, laying a foundation for the joint realization of supply chain carbon emission reduction targets in the future.

➤ **Chemical management of suppliers**

The Group has cooperated with professional third-party testing companies to conduct on-site chemical assessment for key suppliers to enhance the chemical management capabilities of the supply chain and ensure the effective implementation of the Group's concepts and requirements on chemical management. In 2021, the Group conducted on-site chemical assessment for 10 suppliers. The assessment project mainly includes sharing of laws and regulations related to chemical management and chemical management requirements of the Group (such as RSL<sup>7</sup> and MRSL<sup>8</sup>), sorting out the on-site chemicals used by suppliers, and evaluating the use and management of on-site chemicals. The Group required the core material suppliers to conduct at least one wastewater test per year, with Tier 2 plants currently conducting wastewater testing accounting for more than 95% of the material orders and approximately 58% for 100% Compliance with the Manufacturing Restricted Substances List (MRSL). In addition, the Group entered into the "Declaration of Compliance Regarding the Manufacturing Restricted Substances List (MRSL) of Li Ning Company (《李寧公司生產工藝中限用物質(MRSL)遵從聲明書》)" with its suppliers to limit the use of hazardous and harmful substances in the production process of suppliers, reduce the impact of the production process on environment, and protect the health of employees and consumers.

<sup>6</sup> Requirements for on-site audit rating: green card: score  $\geq 85$ , blue card:  $85 > \text{score} \geq 70$ , yellow card:  $70 > \text{score} \geq 60$ , red card: score  $< 60$ .

<sup>7</sup> RSL: Restricted Substances List.

<sup>8</sup> MRSL: Manufacturing Restricted Substances List of Zero Discharge of Hazardous Chemicals (ZDHC).

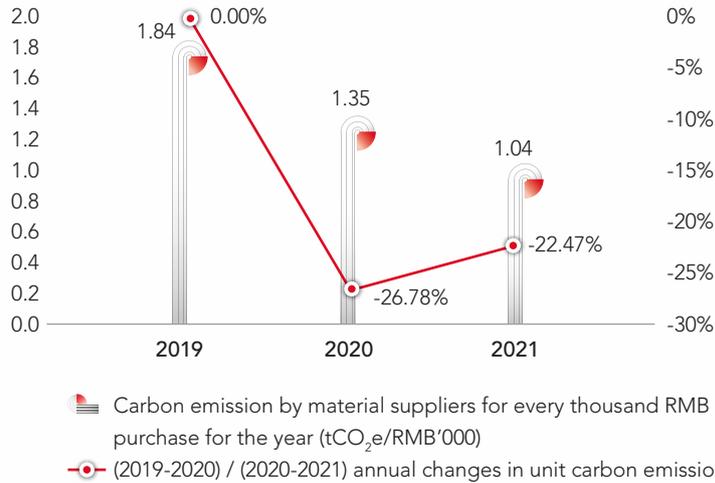
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## ➤ *Third-party social responsibility audit on suppliers*

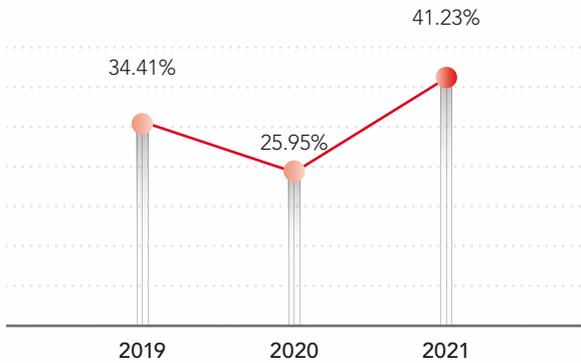
In 2021, in order to implement the reporting principles of international social responsibility standards of the Group and the auditing principles of international brand production factories, the Group conducted third-party social responsibility audits for about 60 suppliers. The reporting standards include but not limited to BSCI<sup>9</sup>, SMETA<sup>10</sup>, WCA<sup>11</sup>, WRAP<sup>12</sup> and RBA<sup>13</sup>.

Paying attention to the status quo of greenhouse gas emissions of the supply chain, the Group continues to follow up the carbon emission data of the supply chain and facilitate the setting of carbon emission reduction target of the supply chain of the Group. The greenhouse gas emissions of major Tier 2 suppliers in the past three years are as follows:

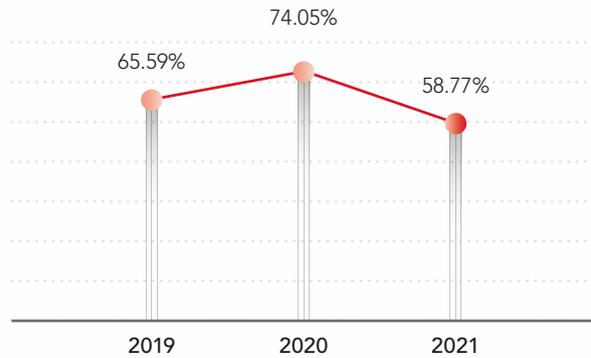
2019-2021 Trend of Changes in Carbon Emission Intensity by Major Apparel Material Suppliers



Proportion of carbon emission in scope 1



Proportion of carbon emission in scope 2

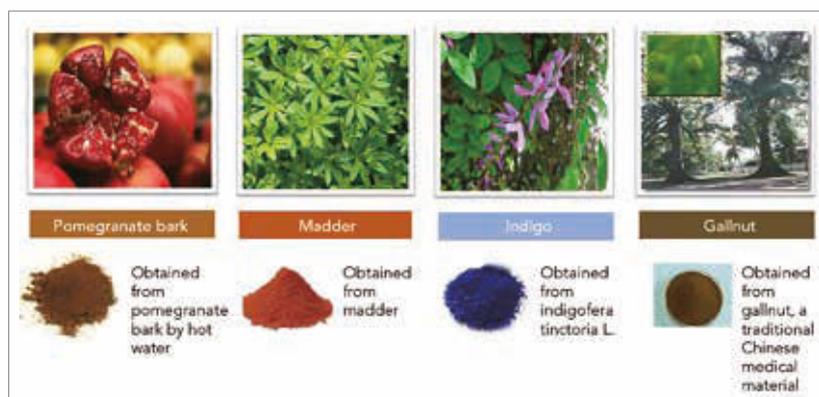


<sup>9</sup> BSCI: Business Social Compliance Initiative.  
<sup>10</sup> SMETA: Sedex Members Ethical Trade Audit.  
<sup>11</sup> WCA: Workplace Conditions Assessment.  
<sup>12</sup> WRAP: Worldwide Responsible Apparel Production.  
<sup>13</sup> RBA: Responsible Business Alliance.

## Building a Green Supply Chain

The Group incorporates its environmental requirements on suppliers into the whole process of supplier management. We require suppliers to provide the environmental impact assessment documents, the environmental impact assessment approval and the completion acceptance report of its construction projects, waste water/exhaust gas monitoring report, discharge permit and other related documents, as the audit content in supplier introduction stage, and regard illegal discharge of sewage and hazardous waste as zero-tolerance items in the audit. In quarterly audit, the Group requires suppliers to provide their main energy consumption and greenhouse gas emission list, energy consumption assessment system or energy saving action plans and measures. In annual audit, in addition to the audit of relevant environmental qualifications and compliance, the Group will also audit the suppliers' waste management, energy saving measures, the application of new energy saving technologies and the implementation of carbon emission reduction.

In addition, to promote the use of environmentally friendly materials is one of the sustainable development goals of the Group. Various relevant business departments of the Group have formulated goal breakdown plans and implementation plans for this goal. It gradually strengthens the cooperation with suppliers in the research and use of environmentally friendly materials, and regularly follows up the implementation progress to ensure the achievement of the goal. In 2021, the Group actively promoted ecologically and environmentally friendly technologies, and cooperated with supply chain partners to carry out a trial project of replacing chemical dyes with plant dyes. The project covered 3 colors, 2 fabrics and 4 styles of orders for high-end products, with a total order quantity of 47,151 pieces.



Replacement of chemical dyes with plant dyes



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### Participating in Industrial Cooperation

The Group continued to carry out cooperation and discussion on sustainable supply chain development within the industry, and actively participated in the industry low-carbon development and sustainable innovation summits to exchange and discuss the green, low-carbon, circular and sustainable development mode of the textile industry chain, actively explore solutions to climate change, and make contributions to the “Dual Carbon” practice of the textile industry.

- In May 2021, the Group attended the China Brand Day — Sustainable Fashion Summit held in Shanghai and delivered a themed speech on sustainable development;
- In August 2021, the Group attended China Beijing International Fair for Trade in Services and delivered a themed speech on quality and sustainable fashion;
- In October 2021, the Group attended the opening ceremony of “30 · 60 Net Zero Accelerating Plan” launched by China National Textile and Apparel Council, witnessing the awarding of “Enterprise of 30 · 60 Net Zero Accelerating Plan” and “Sustainable Innovation Center”. It planned to carry out actions to address climate change and help achieve the “Dual Carbon” goal.

### V. PRODUCT RESPONSIBILITY MANAGEMENT

The Group strictly abides by the laws and regulations such as the “Product Quality Law of the People’s Republic of China” and the “Law of the People’s Republic of China on the Protection of Consumer Rights and Interests”. It fully understands the demands and suggestions of customers, attaches great importance to the quality of products and services, continually optimizes the quality control process, enhances the advertising and trademark management, and strengthens intellectual property protection and customer data security protection, thereby protecting the legal rights of customers and demonstrating social responsibility as a quality brand in the industry.

#### Product Quality Control

In strict compliance with the relevant laws and regulations, according to the requirements of GB/T 19001-2016 National Quality Management System, ISO9001 Quality Management System and various technical specifications on shoes, garment and accessories, and taking reference from the relevant standards of the industry, the Group has formulated various enterprise standards and specifications, in which enterprise standards and quality control management requirements beyond the national and industrial standards were added. Those standards and specifications include “Quality Management and Control Procedures for Shoes Products Development Phase of Li Ning Company (《李寧公司鞋產品開發階段質量控制流程》)”, “Quality Management and Control Procedures for Apparel R&D Phase (《服裝研開發階段質量管控流程》)”, “Manual of Physical Properties Standard for Shoes Products (《鞋產品物性標準手冊》)”, “Quality Management and Control Requirements for Development and Production of Apparel (《服裝開發及生產質量管控要求》)” and “Specifications Specifically Used in the Production of Apparel Materials (《服裝材料生產階段特別採用的規範》)”.

The Group implements management and supervision on product quality at each link of the production process. During the product development stage, the Risk Assessment Team comprised of the product development project team, quality control department (QC) and quality assurance department (QA) evaluated the quality risk of the developed products piece by piece on a quarterly basis. In the production stage, the joint inspection team consisting of QC and QA members conducted joint quality inspections at the warehouse of the Group on a quarterly basis in various aspects, including procedure management, material quality and production techniques. The Group audits the quality management system of finished shoe suppliers, major sole material suppliers and apparel material suppliers every year. Based on the assessment results, unqualified suppliers may face measures such as rectification within a time limit, interviews, circulation of a notice of criticism and commencement of termination procedure. In 2021, the Group revised "Safety Technical Requirements for Shoes, Apparel and Accessories (《鞋·服裝及配件安全技術要求》)" into "Safety Technical Requirements for Li Ning Products (《李寧產品安全技術要求》)" according to the domestic and international requirements on the chemical use and residue control of textile products and shoes products. On the basis of taking reference from the relevant domestic and international requirements, and in line with the actual situation of the Group's products, the standard puts forward more stringent quality technical requirements for the relevant suppliers, thereby further improving the Group's product safety index.

## Product Examination and Recall

The Group has established systems and measures, including "Li Ning Company's Defective Product Recall Management Regulations (《李寧公司缺陷產品召回管理規定》)", "Procedures and Standards on Recall of Li Ning's Defective Goods (《李寧殘品收殘程序及標準》)", "Service Commitment (Repair, Replacement and Return) of Product Quality (《產品質量三包服務承諾》)" and "After-Sales Service Manual for Li Ning Products (《李寧產品售後服務手冊》)". It continued to strengthen the recall management standards of defective products to improve consumers' shopping experience, safeguard consumers' rights and interests, and avoid the impact of product defects on consumers' health and safety. According to customer needs, the Group offers return, replacement, repair and other services for products with quality problems within the promised time limit. In case of returned products, the Group's professional defective product examination team would inspect the problems of the defective products, and provide feedback of the inspection results to customers. At the same time, the inspection results would also be conveyed to the management personnel of logistics, finance and suppliers, and reported as the content of the Monthly Quality Report. The product research and development department would incorporate valid market feedback in the subsequent product development stage to further improve product quality.

The Group has developed a strict product recall mechanism to recall products with the occurrence of specific conditions. In case of the occurrence of situations requiring recall, the quality assurance department shall have the right to request to stop the sale of the products, immediately conduct an investigation for the cause of such occurrence together with other relevant departments, decide to implement a recall plan based on the quality test report, infringement identification report or market feedback, and formulate a disposal plan for the recalled products to minimize the impact of recalled products on consumers. The Group's product recall scenarios mainly include:

- The products quality is not qualified and is required to be pulled off from shelves and recalled after being inspected by the State or local market supervision department;
- The product is found not meeting national or enterprise standards and there are hidden quality problems of batches of product;
- Defects in design or manufacturing have caused personal or property damage to consumers, and may occur again after evaluation;



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- Although the defects do not cause personal or property damage to consumers, they may still cause personal or property damage under certain conditions after testing, experiment and demonstration;
- The product is involved in infringement, plagiarism or violation of relevant laws and regulations, and has a negative impact on the Company;
- The defective rate of a single type of product reaches a certain percentage, which leads or may lead to the failure of normal sales or the rapid decline of customer satisfaction.

### Customer Complaints and Protection

The Group adheres to creating a sound service system for customers, and upholds the principle of “customer priority and professional services”. It formulated regulations, including “Customer Service Call Answering Management Regulations (《客戶服務電話解答管理規定》)”, “Customer Services Knowledge Management Principles (《客戶服務知識管理準則》)”, “Customer Service Hotline Daily Management Standards (《客戶服務熱線日常管理規範》)” and “Member Online Service Management Standards (《會員在線服務管理規範》)”, with a view to establishing good communication channels with customers. In 2021, we revised the contents of Service Commitment (Repair, Replacement and Return) for some products, such as extending the Service Commitment (Repair, Replacement and Return) period for children’s shoes, to better meet consumers’ needs and effectively safeguard consumers’ rights and interests.

We established a multi-channel customer communication and feedback mechanism, including the opening of a customer care hotline started with 400 (400-610-0011), Weibo We-Media channel (@李寧官方微博) and Li Ning Club WeChat public account, design of WeChat mini program, announcement of contact e-mail address (ccc.support@li-ning.com.cn) and voice message to realize round-the-clock communication and feedback channels. In addition, the Group opened an online auxiliary feedback channel of enterprise WeChat for channel stores to timely obtain consumer demand and solve consumer concerns more efficiently. In 2021, the Group headquarters received 320 complaints from consumers through the market supervision administration, and the e-commerce platform received 415 complaints from consumers through the market supervision administration. After receiving the complaints, the Group analyzed the product problems according to the consumer complaints, and dealt with the consumer demands according to the analysis results. The solution rate was 100%. The handling results were reported to the market supervision administration.

In 2021, the Group further improved customer satisfaction rating function, which will present service satisfaction questionnaire to members after their consumption to actively understand customers’ shopping experience and their satisfaction with our overall service. After collecting customers’ feedback on products or services, we will summarize and analyze customers’ needs, comments and problems, and the customer experience department will classify, sort out data and make reports, and deliver them to relevant departments for implementation and improvement, aiming to continuously improve customer experience.

### Customer Data Protection

The Group attached great importance to the protection of customer data security, strictly abided by the provisions of laws and regulations, including the “Personal Data Protection Law of the People’s Republic of China”, “Cyber Security Law of the People’s Republic of China” and “Data Security Law of the People’s Republic of China”. It has established a sound information security management system, which effectively protects customers’ privacy and data security through the application of high-tech means such as firewalls with high security level and the implementation of strict data flow monitoring measures. In 2021, the Group revised “Li Ning Privacy Policy” and “Li Ning Service Agreement” to further improve customer data authorization management, and standardize customer data collection and use procedure. It continued to strengthen employees’ awareness of data security protection, and improved their ability in safety operation.

All customer information of the Group is strictly protected and properly preserved, and only authorized personnel can read and use relevant information within the authorized scope. In the process of communication, feedback and investigation involving consumers' personal data, the unified identity of the whole network ID encryption string is used to eliminate potential information security risks that may exist in the transmission and replication of consumers' personal data. At the same time, the Group collects necessary information only after obtaining the customer's authorization, informs the customer of the list of third-party SDKs interfaced with each platform of Li Ning official flagship store, and strictly prohibits to provide any customer information to third parties without authorization.

Our information security management mechanism covers all business partners and relevant third parties. We require all third parties and outsourcing business partners to sign the "Information Security Confidentiality Agreement", put forward the same information security management requirements to suppliers as those within the Group, and supervise their implementation. We have also added clauses requiring the working partners to protect consumers' personal information, legally collect and use consumers' personal information and relevant liability for breach of contract in distribution contracts and service contracts to reduce the risk of external disclosure of information.

In terms of internal staff management, the Group stipulates that every customer service employee shall learn and sign the "Information Security Confidentiality Agreement" upon induction, and regularly organizes professional ability training covering consumer data protection system and measures, so as to improve customer service personnel's awareness and ability of consumer privacy protection. In addition, the Group carries out assessment on information security protection for customer service personnel, and supervises their implementation of privacy and data security protection measures in business process.

## Intellectual Property and Brand Protection

The Group strictly abides by the relevant laws and regulations such as the "Trademark Law of the People's Republic of China (《中華人民共和國商標法》)", "Patent Law of the People's Republic of China (《中華人民共和國專利法》)", "Copyright Law of the People's Republic of China (《中華人民共和國著作權法》)", "Advertisement Law of the People's Republic of China (《中華人民共和國廣告法》)", "Law of the People's Republic of China Against Unfair Competition (《中華人民共和國反不正當競爭法》)" and "Law of the People's Republic of China on Protection of the Rights and Interests of Consumers (《中華人民共和國消費者權益保護法》)". It continues to carry out standardized advertising and trademark management, implements protection measures, gradually improves the advertising and trademark management system to timely identify, sort out and prevent intellectual property risks in business, and further enhance the level of brand management and intellectual property management.

The Group continues to implement the "Intellectual Property Management System", "Trademark Management Measures", "Patent Management Measures" and "Copyright Management Measures", and fulfills departments' management responsibilities to strictly implement the compliance review process of trademark, patent, copyright, product design and other intellectual property protection applications. Once the listed products are found to be at risk of intellectual property infringement, we will immediately remove the infringing products and hold relevant responsible persons accountable. At the same time, in order to prevent patent infringement risks of suppliers' materials, the Group will strictly review their patent rights and other qualification documents before cooperating with material suppliers, and add intellectual property declaration clauses in Cooperation Agreement on Materials and Product Processing Authorization Agreement signed by both parties. The suppliers are required to undertake and guarantee that the products and materials provided will not infringe the intellectual property rights and legitimate rights and interests of any third party. In case of any infringement, the suppliers shall assume all the consequences of infringement and compensate the Company for all losses arising therefrom. The Group will timely follow up and protect any new product name, logo or new intellectual property involved in R&D technology. After internal examination and approval, professional intellectual property management personnel will file an application to relevant authorities, and monitor and closely follow up with the subsequent application results in a timely manner.



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The Group requires business departments to strictly implement audit procedures in advertising and product promotion, requiring all information to be audited at all levels before release, and unauthorized production and release of unaudited information are prohibited. In terms of advertising contents and marketing, the Group requires that it is prohibited to disseminate, publish, edit and falsify unauthorized pictures, fonts, text, software and music works, nor infringe on the intellectual property rights of others, and it must ensure the authenticity of the advertising contents to avoid misleading consumers. In order to improve the awareness of advertising compliance of all employees, the Legal Department of the Group organizes regular advertising publicity training, and invites professional lawyers to carry out “Legal Training on Advertising and Marketing Compliance” for the Group. Meanwhile, advertising penalty cases and relevant matters for attention are shared with all employees to improve the risk prevention and compliance awareness of business departments and relevant personnel.

The Group formulated “Enterprise Logo Usage Standards of Li Ning Brand (《李寧品牌企業標識使用規範》)” to unify and standardize the brand logos, so as to further enhance brand recognition. It explicitly stipulated the format, proportion and standard requirements for the use of the brand logo in the using area, put forward the precautions for the use of the Group’s brand logo in the pattern design creation in the non-logo area, and required external partners to strictly abide by the standards when using the Group’s related logo and materials.

In 2021, the Group further expanded the scope of trademark protection, carried out supplementary registration for a number of categories involved in trademarks, regularly monitored the suspected trademark squatting of Li Ning every month, and filed objections or declared invalid trademark squatting. The Group continued to cooperate with third-party online platforms to complain and delete the infringing links of fake goods, coordinated with industry and commerce departments and public security departments to trace the origin of fake goods, crack down on infringing fake goods, and make full use of civil infringement action, criminal report and other legal channels to safeguard its own brand rights and interests. In addition, in 2021, the Group embedded the external cooperation audit process of all brands of the Group into the system, aiming to achieve “visualization, traceability and process”, that is, the exposure of all brand logos must be reviewed by relevant departments in the system, so as to maximize the standard use of brand logos.

### **VI. ANTI-CORRUPTION MANAGEMENT**

The Group commits to creating a clean, open, honest and trustful working atmosphere. It strictly abides by laws and regulations, including the “Law of the People’s Republic of China on the Prevention of Money Laundering (《中華人民共和國反洗錢法》)”, “Law of the People’s Republic of China for Countering Unfair Competition (《中華人民共和國反不正當競爭法》)”, and “Interim Provisions of the State Administration for Industry and Commerce on Banning Commercial Bribery (《國家工商行 政管理局關於禁止商業賄賂行為的暫行規定》)”. It continuously improves the anti-corruption mechanism by revising the “Anti-Corruption and Anti-Bribery System of Li Ning Group (《李寧集團反腐敗和反賄賂制度》)”. It requires employees and suppliers to sign “Anti-Corruption and Anti-Bribery Declaration Form (《反腐敗和反賄賂申報表》)”, “Anti-Corruption and Anti-Bribery Investigation Form of Li Ning Company (《李寧公司反腐敗和反賄賂調查表》)”, and “Letter of Undertaking on Anti-Corruption and Anti-Bribery (《反腐敗和反賄賂承諾書》)”, and adopts zero tolerance for corruption by employees and suppliers. In 2021, the Group did not have any corruption lawsuit against the Group or its employees which has been concluded.

The Group continues to improve its corruption reporting mechanism, which supports whistleblowers to report corruption case clues through the reporting mailbox, senior officer complaint mailbox, complaint channel of the human resources department and voluntary reporting channels. It actively investigates relevant cases according to the clues. The Group promises to keep confidential the information of whistleblowers, forbids any retaliation against complainers or whistleblowers, and treats them seriously if such cases appear. In addition, the contact information of reporting is listed in the Letter of Undertaking on Anti-Corruption and Anti-Bribery. All people are encouraged to provide verifiable information and clues. Within three days after receiving the reporting information, the Group will initiate the investigation to resolutely resist the corruption of employees, suppliers and service providers. In May 2021, the Group won the “Clean and Compliance Innovation Award” of the first “Private Enterprise Clean and Compliance Innovation Award” jointly organized by the Criminal Law School of East China University of Political Science and Law and the China Legal Strategy Research Center of East China University of Political Science and Law.

In 2021, the Group carried out various forms of anti-corruption training for all employees, with a view to enhancing their awareness of anti-corruption, further promoting the implementation of the relevant system, and building a sound and clean operation ecosystem.

- Conducted a 45-minute training on the Group's anti-corruption and anti-bribery system for all directors, including the compliance background, purpose and significance of anti-corruption and anti-bribery, as well as the content and implementation of the Anti-Corruption and Anti-Bribery System;
- Conducted a one-hour training on the revised version of Anti-Corruption and Anti-Bribery System of Li Ning Group and anti-corruption compliance for all employees through online video recording and broadcasting;
- Communicated the Group's anti-corruption and compliance policies to employees through enterprise WeChat, emails and posts;
- For employees of key lines such as internal audit and legal affairs, the Group conducted 13 two-hour "LCOUNCIL" training programs, where outside experts explained the key points of anti-corruption, anti-bureaucratic decadence and compliance.

## **VII.COMMUNITY INVESTMENT MANAGEMENT**

The Group takes the initiative to undertake and fulfill its social responsibilities. In the process of realizing its own vision, the Group pays attention to the needs of the community and strives to give back to the society. The Group gives full play to its advantages in sports resources to fully understand the needs of recipients. It integrates group resources to carry out targeted assistance and support, participates in public charity assistance, caring for special groups, disaster relief and other public welfare undertakings. Upholding the charity philosophy of "Practicing Love with Sports", it makes continuous contribution to the harmonious and sustainable development of the society. As of the end of 2021, Li Ning Group, as a strategic partner of China Women's Development Foundation, has donated more than RMB100 million to more than 30 provinces and municipalities across the country through the Foundation. The donated sum and supplies were all used in rural revitalization, disaster relief, epidemic fight and a series of livelihood work in various regions, benefiting nearly a million person-times.

### **Work Together for Disaster Relief and Production Resumption**

For a long time, the Group has actively carried out charity relief work. We pay close attention to natural disasters such as floods and earthquakes and other public emergencies. In the face of natural disasters and public emergencies, the Group makes full use of its own resources and timely donates money and supplies to support the reconstruction and production resumption of disaster-hit areas. Adhering to the sense of social responsibility of "helping each other for all as one", the Group continues to practice its responsible charity values, spread love and care, and strives to contribute to the public charity relief undertaking.

## ➤ **Flood Control and Disaster relief with Great Love and Support Relief for Henan**

In July 2021, Henan province suffered severe flood due to extreme heavy rainfall, which caused heavy losses. Rescue and post-disaster reconstruction work was in a grim situation. After learning about the specific needs of flood control and disaster relief, the Group, together with Viva China Holdings Limited, donated cash and supplies jointly through the China Women's Development Foundation. The donations were mainly applied for life assurance of the affected people and first-line rescue workers, disaster health prevention and post-disaster recovery and reconstruction work, sending warm greetings and sincere care to the people in the disaster area.



Donate money and supplies to relieve flood disaster in Henan province

## ➤ **Assist Shanxi in flood control, disaster relief and post-disaster reconstruction**

In October 2021, parts of Shanxi were hit by floods, which seriously affected the safety and life of the flood-stricken people. In order to help the people of Shanxi fight against the disaster, the Group donated cash and supplies to the flood-stricken areas of Shanxi to assist in the local flood control, disaster relief and post-disaster reconstruction. Working together with Shanxi people, the Group has taken concrete actions to help the affected people overcome difficulties and go through the dark.



Assist Shanxi in flood control and disaster relief

## Facilitate Rural Revitalization for Common Prosperity

The Group takes the initiative to undertake the civic responsibility of the enterprise by continuously paying attention to the needs of the impoverished people, personally participating in public welfare and charity activities to help the people in need solve their life difficulties. It hopes to encourage more people to join the public welfare and charity, and help more people to lead a better life and realize common prosperity.

### ➤ *Sow Love – Donate necessities to the needy*

In 2021, the Group donated daily necessities to needy families in Shunping County, Hebei Province and Wangmo County, Guizhou Province, sending care and assistance to the local impoverished people. In addition, in order to convey the concept of social responsibility, in October 2021, the Group invited high-quality suppliers and outstanding employees to carry out a public welfare visit to Inner Mongolia, to donate supplies to the local women's federations, and send warmth and care to local mothers, schools and families in straitened circumstances.



Donate necessities to needy families

### ➤ *Deliver Warmth – Donate necessities to needy students*

The Group donated 196 sets of down jackets to needy students in Jiaqiong Town, Bangor County, Tibet Autonomous Region in December 2021 to support needy students in remote areas and spread warmth and love to them. It also carried out charity donation activities for needy students in Nanyang Village, Zhengcheng Town, Linyi City, Shandong Province, Mabian Yi Autonomous County, Sichuan Province, Long'an Town, Yiliang County, Yunnan Province, and Nanning area, Guangxi. The Group helped students spend a warm winter by donating clothes to local areas.



Donate clothes to needy students

## Cherish Care and Love

The Group has always attached great importance to caring for people with mental disabilities. It calls on the public to pay attention to special groups through various forms of public welfare activities, aiming to deliver humanistic care and spread agapy love of equality and inclusiveness.

### ➤ **“Love Breeds Happiness” – Charity care for people with mental disabilities**

In 2021, the Group continued to cooperate with World of Art Brut Culture (WABC) to carry out public welfare activities to care for people with mental disabilities such as autism. In April, on the 14th “World Autism Day”, the Group worked with WABC to launch a public welfare activity themed “Love Breeds Happiness”. The Group collected the paintings of people with mental disabilities such as autism and printed them on specially customized public welfare T-shirts, which reflect the colors, vitality and dreams of special groups. Taking this activity as an opportunity, we aim to enhance social understanding and awareness of autism, arouse public attention to people with mental disabilities, call on society to create an inclusive, equal and free world for people with mental disabilities and their families, and add more hopes, happiness and beauty to the harmonious and diversified society.



## Focusing on Sports and Strengthening Education

The Group aims to help teenagers improve their basic sports ability and professional sports performance, and pays attention to the physical education of teenagers. It gives full play to the Group’s resource advantages to provide professional sports training for teenagers, enhance their physical fitness and cultivate their sports hobbies and sportsmanship.

### ➤ **Set up Li Ning Sports School to Focus on Teenager Physical Education**

In November 2021, the Group founded Li Ning Sports School. We will cooperate with well-known sports clubs, sports associations and many industry leading institutions and experts at home and abroad to concern the development of teenager sports training in the long run. At this stage, the school set up winter camps adopting centralized and closed-off management, including four special training camps for comprehensive fitness, basketball, table tennis and badminton, to deliver professional sports training methods to teenagers and the children of employees of the Company, with a view to cultivating good sports habits of teenagers.

Public welfare T-shirts printed with the paintings made by children with autism

## ESG INDICATORS INDEX

Aspect	Content	Section
Governance Structure	<p>A statement from the board containing the following elements:</p> <ul style="list-style-type: none"> <li>(i) a disclosure of the board’s oversight of ESG issues;</li> <li>(ii) the board’s ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer’s businesses); and</li> <li>(iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer’s businesses.</li> </ul>	Particulars of the Report
Reporting Principles	<p>A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG report:</p> <p><b>Materiality:</b> The ESG report should disclose: (i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer’s stakeholder engagement.</p> <p><b>Quantitative:</b> Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed.</p> <p><b>Consistency:</b> The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison.</p>	Particulars of the Report
Reporting Boundary	<p>A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.</p>	Particulars of the Report

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspect	Content	Section
<b>A. Environmental</b>		
A1: Emissions	<p>General Disclosure</p> <p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</p> <p>relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.</p> <p><i>Note: Air emissions include NO<sub>x</sub>, SO<sub>x</sub>, and other pollutants regulated under national laws and regulations.</i></p> <p><i>Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride.</i></p> <p><i>Hazardous wastes are those defined by national regulations.</i></p>	Environmental Management
A1.1	The types of emissions and respective emissions data.	2021 Environmental Performance
A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	2021 Environmental Performance
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	2021 Environmental Performance
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	2021 Environmental Performance
A1.5	Description of emissions target(s) set and steps taken to achieve them.	Environmental goals, Environmental Management Measures
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Environmental goals, Environmental Management Measures

Aspect	Content	Section
A2: Use of Resources	<p>General Disclosure</p> <p>Policies on the efficient use of resources, including energy, water and other raw materials.</p> <p><i>Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.</i></p>	Environmental Management
	A2.1 Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	2021 Environmental Performance
	A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).	2021 Environmental Performance
	A2.3 Description of energy use efficiency target(s) set and steps taken to achieve them.	Environmental goals, Environmental Management Measures
	A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Environmental goals, Environmental Management Measures, 2021 Environmental Performance
	A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	2021 Environmental Performance
A3: The Environment and Natural Resources	<p>General Disclosure</p> <p>Policies on minimising the issuer's significant impacts on the environment and natural resources</p>	Environmental Management
	A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environmental Management
A4: Climate Change	<p>General Disclosure</p> <p>Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.</p>	Climate Change
	A4.1 Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Climate Change



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspect	Content	Section
<b>B. Social</b>		
Employment and Labour Practices		
B1: Employment	<p>General Disclosure</p> <p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</p> <p>relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.</p> <p>B1.1 Total workforce by gender, employment type (for example, full- or part- time), age group and geographical region.</p> <p>B1.2 Employee turnover rate by gender, age group and geographical region.</p>	<p>Employment Management</p> <p>Lawful Employment to Safeguard Rights and Interests</p> <p>Lawful Employment to Safeguard Rights and Interests</p>
B2: Health and Safety	<p>General Disclosure</p> <p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</p> <p>relating to providing a safe working environment and protecting employees from occupational hazards.</p> <p>B2.1 Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.</p> <p>B2.2 Lost days due to work injury.</p> <p>B2.3 Description of occupational health and safety measures adopted, and how they are implemented and monitored.</p>	<p>Safeguard Safety and Health</p> <p>Safeguard Safety and Health</p> <p>Safeguard Safety and Health</p>

Aspect	Content	Section
B3: Development and Training	General Disclosure	Talent Training and Value Creation
	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	
	<i>Note: Training refers to vocational training. It may include internal and external courses paid by the employer.</i>	
	B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Talent Training and Value Creation
	B3.2 The average training hours completed per employee by gender and employee category.	Talent Training and Value Creation
B4: Labour Standards	General Disclosure	Employment Management
	Information on:	
	(a) the policies; and	
	(b) compliance with relevant laws and regulations that have a significant impact on the issuer	
	relating to preventing child and forced labour.	
	B4.1 Description of measures to review employment practices to avoid child and forced labour.	Lawful Employment to Safeguard Rights and Interests
	B4.2 Description of steps taken to eliminate such practices when discovered.	Lawful Employment to Safeguard Rights and Interests

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspect	Content	Section
Operating Practices		
B5: Supply Chain Management	<p>General Disclosure</p> <p>Policies on managing environmental and social risks of the supply chain.</p>	Supply Chain Management
	B5.1 Number of suppliers by geographical region.	Supply Chain Management
	B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Introduction of Suppliers
	B5.3 Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Introduction of Suppliers, Assessment of Suppliers
	B5.4 Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Building a Green Supply Chain
B6: Product Responsibility	<p>General Disclosure</p> <p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</p> <p>relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.</p>	Product Responsibility Management
	B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.	None
	B6.2 Number of products and service related complaints received and how they are dealt with.	Customer Complaints and Protection
	B6.3 Description of practices relating to observing and protecting intellectual property rights.	Intellectual Property and Brand Protection
	B6.4 Description of quality assurance process and recall procedures.	Product Examination and Recall
	B6.5 Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Customer Data Protection

Aspect	Content	Section
B7: Anti-corruption	<p>General Disclosure</p> <p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</p> <p>relating to bribery, extortion, fraud and money laundering.</p>	Anti-corruption Management
	B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Anti-corruption Management
	B7.2 Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Anti-corruption Management
	B7.3 Description of anti-corruption training provided to directors and staff.	Anti-corruption Management
Community		
B8: Community Investment	<p>General Disclosure</p> <p>Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.</p>	Community Investment Management
	B8.1 Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Investment Management
	B8.2 Resources contributed (e.g. money or time) to the focus area.	Community Investment Management