

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



PARTICULARS OF THE REPORT

Report Summary

This report is prepared to provide stakeholders with an update on the work of Li Ning Company Limited ("the Group") and its subsidiaries (collectively "the Group", "we/our" and "Li-Ning") in the environmental, social and governance ("ESG") fields in 2022. This report was prepared in accordance with "Environmental, Social and Governance Reporting Guide" (the "ESG Reporting Guide") which is set out in Appendix 27 to the Listing Rules. This report should be read in conjunction with the section "Corporate Governance Report" in the 2022 Annual Report of the Group and the column "Corporate Social Responsibility" on the Group's website.

Report Period

The report period is from 1 January 2022 to 31 December 2022. To ensure the consistency of the report, some contents are out of this time period.

Report Scope

The disclosure scope of this report is consistent with that covered by the annual report, which has not changed compared with the scope of ESG reports in previous years, unless otherwise specified.

BOARD STATEMENT

Environmental, social and governance issues have always been central to the development of the Group. The Board of Directors ("the Board") of the Group is responsible for the overall supervision of ESG matters, and the ESG Management Committee and Executive Team under the Board are responsible for the specific deployment and implementation of ESG-related work. The Board regularly listens to reports from the ESG Management Committee, reviews the overall ESG strategic planning of the Group, the evaluation results of key ESG issues and the identification and management of ESG risks, and regularly checks the progress of ESG objectives.

The Group actively promotes and deepens its work in ESG field, fully fits the business characteristics in practice, integrates sustainable development vision and strategy into the Group's development operation and overall strategic planning, and its update and optimization are regularly reviewed by the Board. The Board pays close attention to the requirements of stakeholders, continuously participates in the identification, evaluation and management of key ESG issues, actively carries out ESG risk management, and reviews and guides the implementation of relevant risk management strategies.

In 2022, the Group adhered to the 2025 development goals in terms of employee, environment, community and innovation, and firmly promoted the achievement of relevant goals. The progress in achieving each goal is consistent with the overall planning, and breakthroughs and progress have been made in stages, which are reviewed and approved by the Board along with this report.

This report, which discloses the Group's management practices in the above work and other ESG areas, was reviewed and approved by the Board on 16 March 2023.



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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 goals. 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 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. ESG MANAGEMENT SYSTEM

The Group highly upholds its brand vision of “to be the renowned fashionable world-leading professional sports brand originated from China”. With the brand mission of “Let Sports Light Your Passion”, the Group has firmly established the brand core values of “serving the public with sports spirit”, “surpassing yourself to win the competition”, “win-win for individuals and teams”, “fairness and transparency are competition principles and enterprise principles” and “harmonious development of employees, enterprises, society and nature”. Following the business philosophy of “Anything is Possible”, the Group has been deeply involved in the professional sports field, focusing on product experience, sports experience and purchase experience, and creating the Li-Ning’s experience value. The Group implements the attitude of a responsible corporate citizenship to all levels of its business development, continuously optimize and improve the ESG management system, and give full play to the public welfare and social education value of sports.

ESG Management Structure

The Group has continuously improved its ESG management structure, strengthened its ESG management capabilities, and clarified the responsibilities, functions and process mechanisms of ESG-related work. It strives to improve the quality and efficiency of ESG work and promote the scientific and orderly deployment of ESG work.

The Board is responsible for the overall supervision of ESG matters, and reviewing and supervising the optimization of ESG strategy, the importance assessment of ESG issues, the identification and response of ESG risks, the revision of ESG objectives and the regular review of ESG report disclosure. The Group has established an ESG Management Committee chaired by the Group’s Executive Director and Joint Chief Executive Officer. The committee is responsible for analyzing the medium and long-term ESG strategies and objectives of the Group, sorting out and analyzing key ESG issues, submitting ESG suggestions to the Board for review and decision, and guiding and supervising the ESG Executive Team in work.

The ESG Executive Team is led by the Environment and Sustainability Development Department of the Group and is composed of the heads of ESG departments concerned. The team is responsible for coordinating all departments concerned to promote the implementation of ESG strategies and policies, and regularly reports the work progress to the ESG Management Committee. The Environment and Sustainable Development Department of the Group consists of four personnel, including one person in charge and three professionals in social responsibility, environment and carbon management. The Environment and Sustainable Development Department reports to the Executive Member of ESG Management Committee.

In 2022 and early 2023, the Board reviewed and approved the update of sustainable development vision and strategy, the update of sustainable development goals, the review of the Group's environmental goals, the identification and assessment results of climate change risks and opportunities, and the developed coping strategies.



ESG Management Structure and Flow

ESG Strategy and Management Concept

The Group pays close attention to the practice of ESG management in its business and operation, and constantly explores the organic integration of ESG concept and enterprise development. Following the national "30.60" strategic plan of carbon peak and carbon neutrality, we actively contribute to the goal of carbon peak and carbon neutrality, continuously practice the concept of green operation, gradually improve the management mechanism of climate change risks and opportunities, and carry forward and convey the idea of sustainable development in the overall value chain. In addition, we continue to optimize the stakeholder communication and cooperation mechanism and strive to promote the exploration and innovation of the sustainable development path of the industry; resolutely safeguard the legitimate rights and interests of employees and strengthen the support for employees' career development; strengthen product quality and safety management, optimize product and service quality and details, actively respond to customer requirements, and strive to maintain high customer satisfaction; consolidate and deepen the fight against corruption and promote integrity; and invest in public welfare undertakings and promote the practice of social responsibility.

The Group has prepared and actively followed its sustainable development strategy, that is, "on the basis of ensuring production and operation compliance, we integrate the concept of responsibility into the whole value chain of product design, material procurement, production and processing, marketing and waste disposal, improve the social and environmental management system, and move towards our sustainable development vision by innovation and reform". The Group constantly explores management strategies and better measures in environmental protection, employee care, supply chain management, product liability, anti-corruption and community investment in business practice and expansion. The Group always pursue the vision and expectation of "constantly surpassing ourselves to achieve the sustainability of products and operations, and let employees, enterprises, society and nature develop harmoniously and build a healthier and better world together".

Environmental protection:

- Abide by the national environmental protection laws and regulations, implement the goal of carbon peak and carbon neutrality, actively respond to the challenges of climate change, and seize the opportunities of climate change;
- Implement energy conservation and emission reduction measures, promote the extensive practice of low-carbon operation, and adhere to the concept of green development.



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Employee care:

- Abide by national employment laws and regulations, adhere to the “people-oriented” employment concept, put an end to the employment of child labor and forced labor, and protect the legitimate rights and interests of employees;
- Improve the social security and salary and welfare system, optimize the promotion and development path of employees, and build a talent team with equality, unity and harmony;
- Establish and improve the personnel training mechanism, improve the staff training system, and promote the mutual development of enterprise and employees;
- Care for employees, safeguard their health and safety, and practice corporate humanistic care.

Supply chain management:

- Improve the whole process management mechanism of supplier acceptance, evaluation and disqualification, strengthen social compliance audit and supervision, promote its self-inspection on environmental performance and carbon emission management, strengthen the safe and compliant use of chemicals of suppliers, and enhance the construction of a sustainable supply chain;
- Vigorously develop the green supply chain, actively innovate and develop environment-friendly products, and enhance the green attributes of products;
- Continue to promote supplier capacity building, actively participate in industry activities, and jointly improve sustainable development management capabilities.

Product liability:

- Strengthen product quality control, optimize quality control management process, and provide consumers with assured and satisfactory products;
- Improve customer complaint service management, strengthen exchanges and interactions with customers, and protect the legitimate rights and interests of consumers;
- Strictly regulate information security protection, optimize information security protection technology and management mechanism, and ensure customer privacy and data security;
- Strengthen brand protection, protect intellectual property rights, adhere to responsible marketing and improve brand value.

Anti-corruption:

- Uphold the concept of honesty and integrity, and improve the anti-corruption supervision and management mechanism and related systems;
- Improve and optimize the anti-corruption reporting channel, implement the whistleblower protection mechanism, and continuously strengthen the clean construction;
- Continue to advocate the concept of anti-corruption and promote honesty, and enhance the awareness of integrity and compliance.

Community investment:


- Actively participate in charity, help those in need, and practice corporate social responsibility;
- Promote the organic integration of traditional intangible cultural heritage and product innovation and promote cultural rebirth;
- Advocate sports culture and sportsmanship, initiate “sport for all” and cultivate healthy living habits.




Sustainable Development Action

As China attaches great importance to the implementation of the UN “2030 Agenda for Sustainable Development” and 17 Sustainable Development Goals (SDGs), it has issued “China’s National Plan on Implementation of the 2030 Agenda for Sustainable Development” (the “National Plan”) to implement the development concept of innovation, coordination, green, openness and sharing. The National Plan introduces China’s development achievements and experience, identifies the opportunities and challenges for implementing the “2030 Agenda for Sustainable Development”, and clarifies the guiding ideology, general principles and overall path of implementation.

In 2022, under the guidance of the National Plan, the Group continuously improved and implemented its action plan to deal with 17 SDGs, and closely combined with the development strategy and business characteristics, continuously optimized the implementation path of SDGs, expanded the Group’s diversified sustainable development measures, and contributed to promoting the sustainable development of enterprise and society. The table below sets forth the sustainable development actions related to the Group’s strategy, as well as our efforts and specific programs 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 2022
<p>SDG1 No poverty</p> 	<ul style="list-style-type: none"> • Improve social security system and implement the plan for universal participation in social insurance • Implement precision poverty eradication and relief for rural poor population 	<ul style="list-style-type: none"> • Provide employees with “five social insurances and one housing fund”, accident insurance and supplementary medical insurance. • Cooperate with Tencent’s charity platform and China Women’s Development Foundation to launch a “Walk Together” public welfare activity to help rural mothers in the form of “Mother Parcel”. • Donate clothes and other articles of daily use to Nanyangzhuangwan Primary School in Zhengcheng Town, Linyi City, Shandong Province; Mixiang Middle School in Jinping County, Honghe Prefecture, Yunnan Province; Furong Primary School in Madi Township, Longsheng County, Guilin City, Guangxi Province; Banshenqi Primary School in Goumen Town, Tumd Right Banner, Baotou City, Inner Mongolia; Donghui Primary School and Middle School in Donghui Town, Pingding County, Yangquan City, Shanxi Province to help poor students spend the winter. • Cooperate with China Women’s Development Foundation to launch the “Genius Mother Dream Workshop” public welfare program, promote the inheritance and promotion of intangible cultural heritage of Qiang Embroidery in China, and empower rural women in distress to develop.
<p>SDG2 Zero hunger</p> 	<ul style="list-style-type: none"> • Ensure that everyone has safe, nutritious and sufficient food throughout the year 	<ul style="list-style-type: none"> • Establish Chinese and Western restaurants for employees, ensure scientific, reasonable and nutritious diet, strictly control the hygiene and food quality of staff canteens, and guarantee food safety.
<p>SDG3 Good health and well-being</p> 	<ul style="list-style-type: none"> • Promote equality of and accessibility to basic medical and healthcare services 	<ul style="list-style-type: none"> • Organize regular physical examination for employees, and divide physical examination types according to posts to reduce occupational disease-related risks. • Set up Physical Rehabilitation Research Center and Health Consultation Rooms to ensure the physical and mental health of employees. • Provide employees with supplementary medical insurance, personal disease and accident insurance and critical illness insurance on the basis of statutory medical insurance.

SDGs	China's National Plan Regarding SDGs	Actions for Sustainable Development taken by the Group in 2022
SDG4 Quality education 	<ul style="list-style-type: none"> • Safeguard equal rights of underprivileged groups for receiving compulsory education • Implement a model for cultivation of technologies, skills and talents through collaboration between the Group and schools • Strengthen sports education in schools 	<ul style="list-style-type: none"> • Organize youth sports training courses, set up daily training classes for sports of high school entrance examination, basketball and badminton, improve the foundation of youth professional sports training, and cultivate good sports habits.
SDG5 Gender equality 	<ul style="list-style-type: none"> • Adhere to the basic national policy of gender equality to eliminate all forms of discrimination and bias against women • Enhance the working and entrepreneurial capability of women by developing public childcare services 	<ul style="list-style-type: none"> • Combat gender discrimination in staff recruitment, salary, benefits, promotion, training and retirement. • Suppliers are strictly forbidden to have gender discrimination in any form in the staff recruitment, establishment of labor relations, and provision of training, compensation, welfare, and social insurance. • Continue to operate "Staff Home Care Center" and Li Ning Oriental Cambridge Kindergarten to help employees keep balance of work and family.
SDG6 Clean water and sanitation 	<ul style="list-style-type: none"> • Significantly increase the proportion of treated compliant wastewater by strengthening the supervision and monitoring over major water functional zones and river outlets • Comprehensively promote the development of a water-saving society by strengthening the management over water demand and water utilization process 	<ul style="list-style-type: none"> • Regularly check all faucets in office areas and pantries to prevent water dripping, leaking and running out. • Post water conservation publicity signs in public areas such as toilets and pantries. • Strictly review all suppliers' wastewater monitoring reports and pollutant discharge permits, etc., test suppliers' wastewater data, and strengthen supply chain wastewater monitoring. • In 2022, the order volume of the secondary main suppliers carrying out ZDHC wastewater detection was over 95%.

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SDGs	China's National Plan Regarding SDGs	Actions for Sustainable Development taken by the Group in 2022
<p>SDG7 Affordable and clean energy</p> 	<ul style="list-style-type: none"> Optimize the energy structure by enhancing the utilization rate of fossil fuel energy and increasing the proportion of clean energy consumption Build a clean, low-carbon, safe and efficient modern energy system 	<ul style="list-style-type: none"> In scorching weather, the temperature control induction awning on the roof of office buildings and venues in Li Ning Central Park is automatically opened, so as to lower the indoor temperature in time and reduce the power consumption of air conditioners. Set up solar panels on the top of buildings of Li Ning Central Park to actively develop and utilize solar energy. Install adequate charging piles for electric vehicles in Li Ning Central Park to provide convenient charging conditions for employees and reduce carbon emissions during commuting.
<p>SDG8 Decent work and economic growth</p> 	<ul style="list-style-type: none"> Improve the employment and entrepreneurial service system and implement a life-long vocational skills training system 	<ul style="list-style-type: none"> Provide employees with diversified learning opportunities and all-round development space such as internal course training, on-the-job learning, rotation learning, counseling and feedback, and encourage and guide employees to continuously improve their job skills and comprehensive quality. Provide special training such as induction training and pre-job training for all employees.
<p>SDG9 Industry, innovation and infrastructure</p> 	<ul style="list-style-type: none"> Accelerate the upgrading and transformation of traditional industries and promote low-carbon industrial energy use 	<ul style="list-style-type: none"> Continue to focus on low-carbon transition, gradually improve the Group's low-carbon development actions. The Group was successfully selected into the "Report on Low-carbon Transition and High-quality Development of Chinese Enterprises in 2022". Participate in the exchange and cooperation event of M SPACE "Sustainability is the New Fashion" in Shanghai Fashion Week.
<p>SDG10 Reduced inequalities</p> 	<ul style="list-style-type: none"> Attach great importance to providing equal opportunities and ensuring equal rights of participation and development for all employees Consistently promote growth of both resident income and the economy, as well as growth of both salary and work productivity at the same time 	<ul style="list-style-type: none"> Always follow the principles of equality, respect and democracy in the whole process of employment management, and implement the clear institutional processes for employee recruitment, employment and dismissal. Design a scientific and efficient salary management system, allocate extra rewards to outstanding employees, and fully attract, motivate and retain excellent talents.

SDGs	China's National Plan Regarding SDGs	Actions for Sustainable Development taken by the Group in 2022
<p>SDG11 Sustainable cities and communities</p> 	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> Pay close attention to natural disasters and other public health emergencies and social security incidents, actively raise materials, donate money and materials for disaster areas, and help post-disaster reconstruction and resumption of production. In September 2022, the Group donated its products for the earthquake disaster in Luding County, Ganzi Prefecture, Sichuan Province, and reinforced the medical rescue team.
<p>SDG12 Responsible consumption and production</p> 	<ul style="list-style-type: none"> Reduce the adverse impact of chemicals on human health and the environment Significantly enhance the level of green chemical engineering technology Strenuously develop circular economy with significant increase in the recycling of major types of wastes Comprehensively promote the extended producer responsibility system to encourage enterprises to fully implement the concept of sustainable development in their production management 	<ul style="list-style-type: none"> Integrate the environmental protection requirements on suppliers into the whole supplier management process, comprehensively supervise the use of chemicals, control the quality of raw materials, and ensure the health of customers from the source. Actively promote eco-environmental technology, cooperate with the supply chain to carry out the pilot project of replacing chemical dyes with dyes extracted from natural plants, and promote the use of environment-friendly materials as the sustainable development goal. Use "BOOM FIBER" from castor oil and grown in a sustainable way as raw materials of vamp. Introduce environmentally friendly concept shoes, and the vamp is made of recycled yarn from waste materials such as plastic bottles and rags. Formulate the "Technical Requirements for Product Safety of Li Ning Company Limited", which clearly stipulates the limited requirements for the use of chemicals, sign declarations with suppliers who meet this standard, and supervise suppliers in compliant use of chemicals throughout the whole process.

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SDGs	China's National Plan Regarding SDGs	Actions for Sustainable Development taken by the Group in 2022
SDG13 Climate action 	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> Vigorously carry out the propaganda and education of the concept of green operation, and integrate the concept of sustainable development and the awareness of environmental protection into work and life of employees. Carry out carbon footprint accounting of suppliers regularly, popularize the concept of energy conservation and emission reduction to suppliers, and strengthen carbon emission management in supply chain.
SDG16 Peace, Justice and strong institutions 	<ul style="list-style-type: none"> Implement the "Law on the Protection of Minors of the People's Republic of China", and crack down, in accordance with the laws, on the unlawful and criminal acts such as use of child and forced labor 	<ul style="list-style-type: none"> According to the "Employee Handbook", all applicants' valid identity documents are strictly checked before employment to ensure that they are of the legal age and to avoid the employment of child labor. Safeguard employees' rights and interests of legal leave and reasonable working intention, and put an end to forced labor.
SDG17 Partnerships for the goals 	<ul style="list-style-type: none"> Actively participate in the establishment of global partnerships to promote more balanced global partnerships for development Actively participate in the works in relation to the establishment of mechanisms for enhancing the use of global technology 	<ul style="list-style-type: none"> Participate in PricewaterhouseCoopers "Green Future" event in China International Fair for Trade in Services. Participate in the Seminar on ESG Governance and Information Disclosure of Listed Companies in China's Textile and Garment Industry. Participate in the communication and cooperation event of M SPACE "Sustainability is the New Fashion" in Shanghai Fashion Week.

Stakeholder Communication and Identification of Key Issues

The Group attaches great importance to close cooperation and communication with stakeholders, and has established a good communication mechanism and diversified communication channels to fully respond to the concerns and requirements of all interested parties on ESG issues and matters of concern, and improve its own ESG management level. Key stakeholders identified by the Group include government and regulatory authorities, shareholders and investors, consumers, distributors and suppliers, communities and the public, media and non-governmental organizations (NGO), senior management and employees. In the process of communication, we share and exchange ESG concepts with all stakeholders, actively discuss and explore the implementation path and excellent practice of ESG-related work, and continuously optimize ESG management mechanism and work plan according to communication results and feedback, and continuously strengthen the sustainable development capability of enterprises.

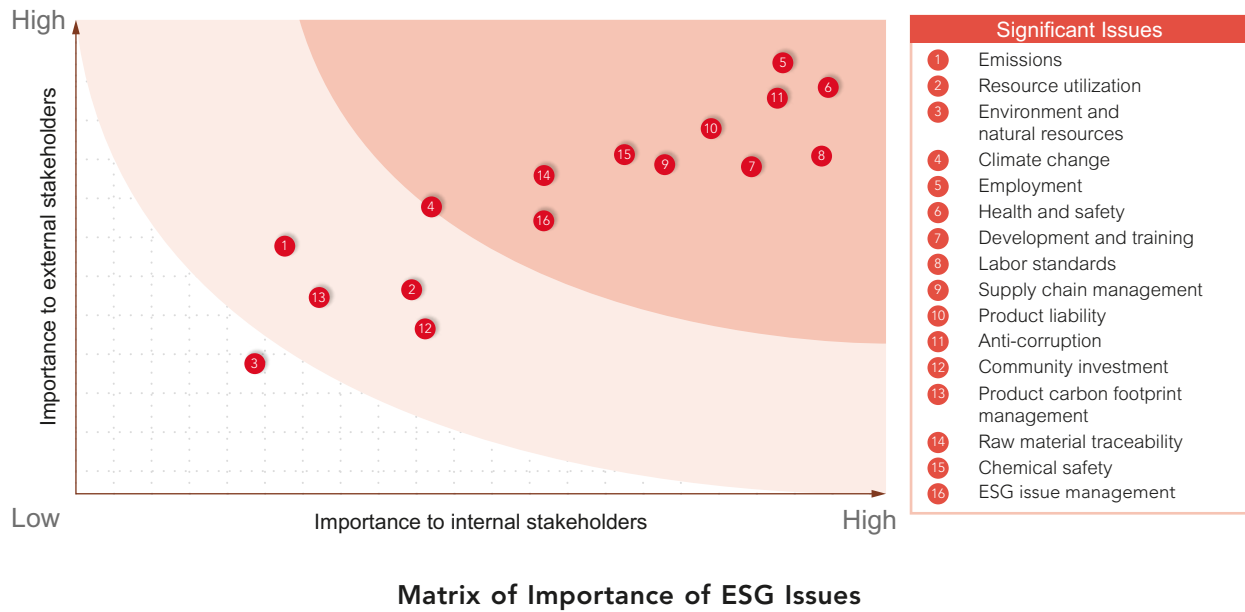


Communication with Key Stakeholders and Response

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 Environment and social management	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 environment and social risk awareness and improve environment and social management level Establish a good relationship in business cooperation
Community and general public	Charity activity Volunteer action Community activity	Charity activities Community development Community relations	Regularly conduct volunteer activities Increase external donations Promote professional sports knowledge
Media and non-governmental organizations	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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The Group's ESG issue framework covers 16 key ESG issues, including 12 disclosure levels under the environmental and social areas in the ESG Reporting Guide of the Hong Kong Stock Exchange, and integrates product carbon footprint management, raw material traceability, chemical safety management and ESG management issues in combination with business characteristics, business models and stakeholders' concerns. After analysing the importance of ESG issues to internal and external stakeholders, we have drawn the importance matrix below:



II. ENVIRONMENTAL MANAGEMENT

Environmental Management Policy

The Group strictly abides by the "Environmental Protection Law of the People's Republic of China", "Atmospheric Pollution Prevention Law of the People's Republic of China", "Water Pollution Prevention and Control Law of the People's Republic of China", "Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste", "Measures for the Administration of Municipal Solid Waste", "Energy Conservation Law of the People's Republic of China" and "Renewable Energy Law of the People's Republic of China" and other applicable laws and regulations. The Group actively fulfills its environmental protection responsibility as an enterprise and contributes to the goal of carbon peak and carbon neutrality. Adhering to the concept of sustainable development, we continuously optimize the green operation management system, improve the environmental management system, implement green measures, promote green innovation, identify and respond to the impact of climate change, and keep advancing on the path of sustainable development. At present, Li Ning (China) Sporting Goods Co., Ltd. and Guangxi Supply Base have been certified for ISO 14001 environmental management system. In 2022, the Group did not identify any matters that caused serious pollution or material adverse impact on the environment during production and operation.

Environmental Management System and Measures

The Group has formulated its internal management systems such as "Li Ning Energy Conservation Management Standard", "Li Ning Energy Conservation Work Arrangement" and "Li Ning Energy Conservation Measures". The Group continuously strengthens the management of emissions and resource utilization, strictly implements relevant management regulations on green operation, and integrates the concept of sustainable development and green awareness into employees' work and life. In 2022, we vigorously promoted the expansion, innovation and practice of green operation measures in combination with the defined office operation environment objectives, continuously optimized and adjusted the implementation plan, consolidated the goal realization path, and promoted the Company's environmental management level to a higher level.

Emission Management

In 2022, we further improved the management measures of such emissions as waste and waste gas to relieve the impact of daily office operations on the environment by advocating green travel of employees, implementing low-carbon logistics and transportation, and reducing greenhouse gas emissions. In terms of garbage classification, we have entrusted a third party with professional qualifications to collect, store and transport hazardous wastes and harmless wastes by classification, and dispose and recycle them according to the types of wastes to ensure standard waste disposal.

Compliance management of exhaust gas emissions

- Abide by the "Emission Standard of Air Pollutants for Boiler", strictly control the boiler pollutant emission limit, continuously optimize the boiler use management, and regularly maintain and inspect boilers in use to ensure safe operation;
- The waste gas from painting in the painting workshop of badminton factory is led to the top floor via the exhaust funnel through adsorption and settlement of water screen, and then discharged into the atmosphere after photooxidation and purification, thus reducing air pollution.

Reasonable disposal of waste

- Encourage employees to handle daily work through office automation systems and electronic equipment, and recycle the used toner cartridges by replacing chips and filling carbon powder, so as to reduce the use of printing equipment and consumables and reduce the generation of hazardous wastes;
- Collect the used toner cartridges and fluorescent tubes produced by the office work in a unified way, store them separately, and entrust a professional third party for recycling;
- Advocate paperless office, set up waste paper recycling bins in the office area, recycle single-sided printed paper, and require unified collection and recycling of carton packages in warehouses and stores;
- Strictly follow the local garbage classification management policies, cancel personal garbage bins in office areas, set up public garbage classification areas, and urge employees to classify garbage.

Adopt low-carbon logistics transportation

- Actively optimize the warehouse operation plan and transportation plan, improve the carload rate of logistics transportation, and conduct the warehouse transportation test, reduce the frequency of delivery by transporters relying on the scale advantage and reduce the exhaust gas emission during transportation;
- Vigorously promote the use of new energy trucks for urban distribution to reduce the greenhouse gases;
- By means of fixed delivery to stores, the daily delivery in the past is adjusted to delivery to stores on the agreed date and time, which effectively reduces the delivery frequency of transporters and the utilization rate of vehicles.

Promote green commuting

- Encourage employees to commute by public transport, offer transportation subsidies to employees, and set up shuttle buses in the headquarters office park to provide convenient commuting services and advocate green travel, thus effectively reducing carbon emissions;
- Set up electric vehicle charging piles in the headquarters office park to provide convenient charging services for employees who drive environmentally friendly electric vehicles.

Resource Usage Management

The Group puts a high value on resource and energy management, continuously practices the concept of green and low-carbon office, improves resource utilization efficiency, actively develops and utilizes clean energy, and carries out resource utilization management from headquarters to subordinate stores and from office operation to warehousing and logistics, so as to promote sustainable development in production and operation.

- **Promote smart office:** Beijing Headquarters Office Park is equipped with a building automation system, which regularly activates intelligent control of electricity consumption to improve the energy-saving effect of buildings. The service time of air conditioners is strictly controlled by means of regular temperature inspections every day to adjust the temperature in real time and ensure that the room temperature is controlled at 18℃ in winter and 26℃ in summer. All air conditioners are shut down automatically half an hour before leaving work every day, effectively reducing energy consumption. In addition, a temperature-controlled induction awning is installed on the roofs of buildings and venues, which will be automatically opened in case of high temperature, so as to reduce the indoor temperature in time and reduce the energy consumption of air conditioners. For Jingmen Park, we have formulated indoor lighting standards and switching systems in different areas, which can effectively reduce electricity consumption while meeting normal use requirements.
- **Use clean energy:** Solar panels on the building top in Beijing Headquarters Office Park supply part of power for daily office work, with an average monthly energy output of about 100,000 kWh. We regularly clean more than 5,000 solar panels every year to improve the efficiency of environmental photovoltaic power generation.
- **Strengthen water management:** The Group regularly overhauls the water equipment in Beijing Headquarters Office Park to prevent water dripping, leakage and running out; checks all faucets and valves in pantry, toilet and other areas every day to prevent waste caused by faucets always opened; and posts water conservation publicity signs to put an end to long-time running water. Badminton factory also actively advocates water conservation, recycles water for production equipment, and limits a fixed amount of water for staff quarters to improve employees' awareness of water saving.
- **Practice green office:** The Group advocates building a green and low-carbon office environment and strives to cultivate employees' awareness of environmental protection and energy conservation. In 2022, we continued to strengthen the energy consumption management of office space, and more than 90% of the lighting equipment in Beijing Headquarters Office Park has been replaced with LED lighting equipment.
- **Paper saving:** The Group promotes paperless office, advocates employees to handle work through electronic devices and office systems, and internally advocates the use of electronic contracts and electronic resumes in job interviews, thus reducing paper consumption. In addition, offline stores actively reduce the use of paper receipts by allocating electronic receipt items.
- **Packaging management:** The Group actively takes diversified measures to reduce the consumption of packaging materials, disassemble and fold the received cartons and packaging bags, and store them in a unified manner so that they can be reused in future shipments. In addition, we advocate the use of environment-friendly packaging materials. Some clothes are packaged with environment-friendly and recycled plastic bags made of regenerated polyethylene, which effectively reduces the negative impact of plastics on soil.
- **Warehouse energy-saving management:** In 2022, the Group carried out LED lighting replacement and renovation projects in Jingmen Park and Guangzhou Warehouse. The lighting time of wall lamps in Guangzhou Warehouse has been changed from every night to regular lighting, which could effectively reduce the power consumption by about 10 hours every day.

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- **Store energy-saving management:** All stores of the Group actively strengthen energy-saving and consumption-reducing management, advocate the use of natural light during the day and eliminate “ever-burning lamps”. All air conditioners are shut down one hour before the end of business, and the number of air conditioners used is controlled according to the natural temperature. All power switches of indoor electrical facilities are checked and turned off before leaving work to avoid unnecessary waste. At the same time, we record and compare the energy consumption every day, analyze any abnormal energy consumption according to the store’s business operation and equipment operation, find out the reasons in time and make rectification.

Environmental Goals

The Group has set comprehensive environmental goals in reducing greenhouse gas emissions, waste generation and energy consumption and saving water resources, effectively guiding the development of green and low-carbon operations and promoting the implementation of ESG management measures. We reviewed the results and progress of environmental goals management for the year as follows:

Type of target	Content	Progress
Carbon emission	By the end of 2040, Li Ning Central Park will achieve the carbon neutrality.	We have further investigated the potential of carbon emission reduction, and gradually formed specific plans for future carbon emission reduction, which will be implemented in conjunction with the purchase of carbon offset to finally achieve carbon neutrality.
Waste	By the end of 2022, garbage classification will be fully promoted throughout the Company. 100% of the waste generated in Li Ning Central Park will be treated by other enterprises with professional qualifications.	Garbage classification has been strictly implemented, and office waste and kitchen waste have been classified and treated by a third party with professional qualifications.
Energy use	By the end of 2024, 100% of the lamps in Li Ning Central Park will be LED energy-saving. Since 2022, the average annual consumption of purchased power per square meter of floor area in Li Ning Center Park is no more than 66.5 KWH/m ² . In 2022, at least one energy-saving reform project was carried out in Li Ning Central Park.	In 2022, the venue lighting renovation project in Li Ning Central Park was completed, and all lamps were replaced with LED energy-saving lamps. In 2022, the average annual power consumption per square meter of floor area in Li Ning Center Park was 57.99 KWH/m ² .
Water resources use	Since 2022, the average annual daily water consumption per square meter of floor area in Li Ning Center Park is no more than 0.62 ton/m ² .	In 2022, the average annual daily water consumption per square meter of floor area in Li Ning Center Park was 0.42 ton/m ² .

2022 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. We are gradually starting the work of carbon emission sorting and analysis, and will extend the scope of statistic as and when appropriate in the future.

1. EMISSION¹

Indicator	Performance
Total emission of greenhouse gases (Scope 1, Scope 2 and Scope 3) (tons) ²	6,512.80
Emission of greenhouse gases per square meter of floor area (Scope 1, Scope 2 and Scope 3) (tons/square meter)	0.03
Direct emission (Scope 1) (tons)	506.18
Company car oil consumption	3.30
Natural gas	502.88
Indirect emission (Scope 2) (tons)	5,900.32
Purchased electricity	5,900.32
Indirect emission (Scope 3) (tons)	106.30
Company bus oil consumption	106.30
Total amount of hazardous waste (tons) ³	1.47
Weight of hazardous waste per square meter of floor area (tons/square meter)	0.000007
Total amount of non-hazardous waste (tons) ⁴	783.71
Weight of non-hazardous waste per square meter of floor area (tons/square meter)	0.0038

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年度減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, Chengdu, Wuhan, Chongqing and Shanghai and Foshan office areas were centrally processed by the respective property management firms 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系數手冊》) issued by the State Council.

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2. ENERGY AND RESOURCES CONSUMPTION

Indicator	Performance
Total energy consumption (MWh) ¹	13,031.71
Energy consumption per square meter of floor area (MWh/square meter)	0.06
Direct energy consumption (MWh)	3,889.81
Gasoline	13.47
Natural gas	2,571.83
Solar energy	1,304.51
Indirect energy consumption (MWh)	9,141.90
Purchased electricity	9,141.90
Daily water consumption (tons) ²	57,068.08
Daily water consumption per square meter of floor area (tons/square meter)	0.28
Total amount of paper used (tons) ³	13.40
Total amount of packaging material used for finished products (tons) ⁴	27,289.77
Amount of packaging material for finished products consumed per million revenue (tons/ million revenue) ⁵	1.06

Notes:

1. 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) 《综合能耗计算通则 (GB/T2589-2020)》", the national standard of the People's Republic of China.
2. 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, Chongqing, 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) (《建筑给水排水设计规范》(GB50015-2019))" issued by the Ministry of Housing and Urban-Rural Development of the People's Republic of China.
3. Copying paper includes both A4 and A3 copying paper.
4. Packaging material mainly includes plastic packaging bags, paper boxes, cartons and paper bags.
5. Amount of packaging material consumed per million revenue represents the weight of packaging material consumed per million income of the Group.

Climate Change

The Group keeps an eye on the impact of climate change on its business mode and business development. It actively responds to the call of "30.60" carbon peak and carbon neutrality goals, strictly abides by relevant policies and regulations and takes management measures, and further responds to the concerns of capital markets and investors on climate change.

The Board is ultimately responsible for reviewing and deciding climate change risks and strategies. The ESG Management Committee under the Board tracks the results of actions carried out by corresponding departments according to the set strategies and indicators to ensure the management and implementation of climate change risk strategies in the Group. The ESG Executive Team is responsible for the specific implementation of response strategies. In 2022, the Group further studied and analyzed the impact of climate change risks on its own operations and business development based on the identification and assessment of climate change risks and opportunities in the previous year, policy updates at home and abroad, and business practices of the Group, and set coping strategies and indicators for its potential impacts.

In 2022, the Group began to study and develop carbon emission reduction and carbon neutralization plan at the group level based on the identified risks and coping strategies. The plan involves carbon emissions in Scope 1, Scope 2 and part of Scope 3, and will give specific goals and action plans in the future.

Risk/opportunity type	Potential impact/opportunity scenarios	Possibility	Risk rating		Coping strategies	
			Influence degree	Grade		
Transformation risk						
Changes in national laws and regulations	Short-term (1-3 years)	The government of China pays high attention to climate change and constantly updates and improves policies related to energy conservation and emission reduction. For example, “the Notice of the State Council on Printing and Distributing the Comprehensive Work Plan for Energy Conservation and Emission Reduction during the 14th Five-Year Plan (Guo Fa [2021] No.33)” proposes that by 2025, the national energy consumption per unit of GDP will decrease by 13.5% compared with 2020. In addition, the regulatory requirements for climate risk information disclosure of listed companies are gradually improved, and listed companies are required to disclose more complete information, so their emissions and upstream and downstream supply chain emissions are facing challenges.	High	Medium	Medium-high	Initiate climate risk assessment, formulate corresponding carbon neutrality strategies, set goals for different departments, and establish responsibility management mechanisms. Build an electronic data collection platform covering energy and environmental data of supply chain, logistics center and sales channel, continuously monitor and analyze emission sources in operation, establish low-carbon operation standards in all links, take the lead in implementing renewable energy utilization and low-carbon operation standards in our own factories and facilities, and gradually promote them to the whole group.

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Risk/opportunity type	Potential impact/opportunity scenarios	Possibility	Risk rating		Grade	Coping strategies
			Influence degree			
Transformation risk	Medium-term (4-10 years)	To achieve the goal of carbon peak in 2030, supply chain factories in some areas may be under the jurisdiction of key enterprises for carbon emission reduction, which are subject to energy consumption and carbon reduction requirements.	High	Medium	Medium-high	Regularly track changes in policies and regulations on environmental protection, energy conservation and low carbon, identify and analyze possible impacts on the supply chain, promote energy conservation and emission reduction and carbon neutrality strategies, and improve strategic objectives and measures.
						Embed the supply chain energy consumption and carbon emission management assessment mechanism into the existing supply chain environmental assessment system, and include the carbon emission performance in the supplier selection mechanism and the renewable energy use ratio in the supply chain assessment mechanism.
	Long-term (over 10 years)	To achieve the goal of carbon neutrality in 2060, we may have to find a feasible way of carbon offset, which will pose challenges to ourselves and the supply chain.	High	High	High	Further promote energy conservation and emission reduction reform in raw materials and production links, actively expand energy substitution, and continue to focus on new trends and technologies of carbon offset to ensure long-term and stable carbon credit supply.

Risk/opportunity type	Potential impact/opportunity scenarios		Possibility	Risk rating		Coping strategies
				Influence degree	Grade	
Transformation risk						
Changes in foreign laws and regulations	Short-term (1-3 years)	Today, there is no mandatory requirement for carbon emissions of textiles and footwear products in the world, but the attention of stakeholders to carbon information disclosure continues to increase.	Low	Low	Low	Continue to track the update of relevant national and industry regulations and standards combined with the Company’s business strategic planning, conduct forward-looking discussions on possible problems, and seek solutions.
						Actively carry out carbon-related investigations and self-inspections to reduce risks based on the local laws and regulations of the target markets and countries.
	Medium-term (4-10 years)	Some regions or countries will impose requirements on carbon emission declaration data and tariff for goods import.	Medium	Low	Medium-low	Keep a check on relevant national and industry regulations and standards, and develop countermeasures in advance, such as carbon verification and certification of carbon emission data, and cost accounting plan for possible tariffs.
	Long-term (over 10 years)	Some countries are already carbon neutral or have a clearer path towards carbon neutrality. Stricter limits on carbon emissions for goods import may be imposed.	High	High	High	Continue to track the changes of energy conservation and emission reduction policies and regulations in target export countries, and simultaneously improve our own emission reduction capacity or carbon emission offset quota.

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Risk/opportunity type	Potential impact/opportunity scenarios		Possibility	Risk rating		Coping strategies
				Influence degree	Grade	
Transformation risk						
Changes in energy cost	Short-term (1-3 years)	Renewable energy technology is not fully proven and popularized, the price of traditional energy may keep rising, and the energy cost may face rising impact.	High	Medium	Medium-high	Actively promote the use of renewable energy, introduce low-carbon operating standards, and promote electrification and residual heat recovery to improve thermal efficiency and reduce energy consumption per unit product.
	Medium-term (4-10 years)	With the further development of new energy technologies, energy cost will be further reduced. The popularization of green technologies and new materials in the industry poses new challenges and opportunities for reform in future supply chain production.	Medium	Medium	Medium	Promote the use of energy storage facilities in self-owned facilities and supply chains, focus on the application trends of green technologies in the textile industry, and gradually advocate and implement those proven and feasible green technologies in the supply chain.
	Long-term (over 10 years)	With the progress and popularization of renewable energy technology, the energy cost will be further reduced.	Medium	Medium	Medium	Promote the extensive use of renewable energy in the supply chain and our own operations.

Risk/opportunity type	Potential impact/opportunity scenarios	Possibility	Risk rating		Grade	Coping strategies
			Influence degree			
Physical risk						
More extreme climate events	Short-term (1-3 years)	Extreme climate increases the number of hot days, resulting in increased water consumption, peak electricity consumption, high temperature subsidies, and heavier pressure on operating cost.	Medium	Medium	Medium	Optimize the heat insulation facilities in the production workshop, explore the use of energy storage facilities in our own facilities and supply chain, and promote the use of more efficient equipment. Establish an early warning mechanism in light of shortage of water resources, and continue to promote water-saving measures in our own facilities and supply chain, encourage the water resources recovery projects of supply chain, and improve the utilization rate of water resources.
	Medium-term (4-10 years)	In summer, the average outdoor temperature will rise permanently, the working temperature at the workshop will be higher than the appropriate working temperature for a long time without improvement, the working efficiency will decrease, the compensation and man-hour loss caused by accidents in the high temperature will increase, and the labor cost will go up accordingly.	High	Medium	Medium-high	Continuously promote our owned facilities and suppliers to optimize ventilation and cooling of factory buildings, reduce heat loss and improve working environment.
	Long-term (over 10 years)	The rising temperature will seriously affect production activities and bring a serious lack of labor.	Medium	High	Medium-high	Pay attention to the application trends of automation technology, and advocate and implement proven and feasible automation technology.

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Risk/opportunity type	Potential impact/opportunity scenarios		Possibility	Risk rating		Coping strategies
				Influence degree	Grade	
Physical risk						
Difficulty in supply of raw materials	Short-term (1-3 years)	Due to extreme climate and climate change in some areas, the quality and cost of raw materials may be affected occasionally in some areas, resulting in short-term shortages and rising costs.	Medium	Medium	Medium	Focus on the climate of raw material producing areas and the price fluctuation of raw material market, and actively conduct research and development and use other types of substitutes.
	Medium-term (4-10 years)	The quality and cost of raw materials are likely to be affected more frequently across a wider range of regions, causing more persistent shortages and rising costs.	High	Medium	Medium-high	Apply big data analysis to improve the prediction of market demand by material and order system, optimize the efficiency of material supply logistics, and enhance the compressive toughness of enterprises. Establish an effective recycling system, advocate more environment-friendly product consumption patterns in combination with marketing, promote the connection between recycling system and material supply, and reduce the use of raw materials.
	Long-term (over 10 years)	Some areas supplying raw material may be permanently unable to supply materials due to climate change.	Medium	High	Medium-high	Focus on the climate of raw material producing areas, develop and use other types of substitutes and seek to establish a longer-term partnership with suppliers for materials with strategic needs.



Risk/opportunity type	Potential impact/opportunity scenarios	Possibility	Risk rating		Grade	Coping strategies
			Influence degree			
Opportunity						
Changes in consumption concept and demand in end consumer market	Short-term (1-3 years)	As consumers pay more attention to climate change and become more aware of environmental protection and low carbon, products with low carbon and environmental protection concepts are likely to attract more consumers, and rising temperatures are likely to increase the market demand for sporting goods that can provide high comfort in hot climates.	Low	Medium	Medium-low	Keep an eye on the changing trend of consumers' consumption demand, habits and behaviors, integrate the green concept into the product design, manufacture, packaging and transportation, and promote and publicize it on the product side, so as to ensure the quality and meet the consumption demand and seasonal product demand of the end consumer market for the green concept products.

Note: "Possibility" refers to the possible frequency of predicted events during the evaluation period. "High" means that the predicted event will last and be irreversible during the period; "Medium" means that the predicted event will repeat during the period; "Low" means that the predicted event will repeat or may not occur during the period.

"Influence degree" refers to the economic impact brought by predicted events when they occur during the evaluation period. "High" means that the predicted event will directly affect the enterprise's operational stability and significantly affect its market share in the industry; "Medium" means that the predicted event will affect the enterprise's profitability and investors' decisions; "Low" means that the predicted event will have less impact on the enterprise's profitability and return on investment.

"Grade" refers to the product of possibility and influence degree, which is divided into five grades: high, medium-high, medium, medium-low, and low. Risk priority and resource allocation are subject to risk grade.

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. The Group has formulated various internal systems including "Staff Handbook" and "Regulations on Staff Attendance and Leave", and continuously improved the staff management system, to improve the standardization of staff management. To promote the implementation of the Group's strategic plan for talent development, we actively build an equal employment platform to create a diversified, fair and inclusive working environment; continuously identify and introduce outstanding talents to help employees grow and develop; continuously improve the remuneration and benefits of employees to protect their legitimate rights and interests; carry out diversified employee care activities to promote the physical and mental health of employees, and strive to build a talent team of equality and solidarity and harmonious progress to achieve a win-win situation for both people and enterprises. As of the end of the report period, the Group had 4,610 employees, among which 4,422 employees were at the Group's headquarters and retail subsidiaries (including Guangxi supply base), and 188 employees were at other subsidiaries.



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In 2022, the Group further improved its practices related to human resource management and won a number of honorary awards related to employer brand:

Honor	Awarding Body
Extraordinary Employer of the Year	Liepin Network (liepin.com)
The Best Employer of the Year	Zhilianzhaopin (zhaopin.com)
The Best Employer in China	China Enterprise Confederation
The Favorite Employer of the Year	Shixiseng (shixiseng.com)
Outstanding Employer in Human Resource Management	Qianchengwuyou (51job.com)
New Attractive Employer Brands	58Tongcheng (58.com)
The Most Forward-looking Employer Brand	LockinChina
Outstanding Practice Award for Campus Recruitment	Dayee Cloud Computing

Lawful Employment to Safeguard Rights and Interests

The Group adheres to the principle of “openness, equality, competition and merit-based” in its employment. Based on reasonable and legal reasons and internal policies, we make decisions on employment, employee promotion or termination of employment relationship, and comprehensively build a reasonable and orderly employment management mechanism.

The Group continues to promote the diversification of talent echelon. Our “Employee Handbook” clearly stipulates that we should fully respect the dignity and personality of employees, treat every employee fairly and justly, and prohibit any discrimination on any occasion, including but not limited to discrimination on race, color, gender, sexual orientation, religion, political position, disability, nationality, origin and age. At the same time, the Group resolutely puts an end to any discrimination in the workplace, recruitment, promotion and remuneration of employees, and encourages employees to report any discrimination on their own initiative. In case of discrimination, the Group will assess and record the liability of the incident and take necessary disciplinary actions.

As we pay high attention to democratic participation of employees, we create diversified communication channels on the principle of “open channels, transparent methods and smooth processes”, improve democratic communication mechanisms, and actively listen to employees’ voices and reasonable suggestions. The Group provides employees with communication methods such as labor unions, suggestion boxes and face-to-face communication, listens carefully to employees’ feedback, and gives timely feedback to employees’ reasonable suggestions and requirements. In addition, the labor union within the Group strictly abide by the provisions of national laws and regulations, and major actions that employees are interested in are implemented after being voted and approved by labor union representatives. In this way the Group earnestly implements democratic procedures, safeguards employees’ rights and interests according to law, and gives full play to employees’ role in democratic management of enterprise.

The Group strictly abides by the minimum employment age requirements stipulated by China and the place where it operates, and clearly states in the “Employee Handbook” that the age of employees must comply with laws and regulations, and child labor is strictly forbidden. In 2022, the Group updated and optimized the contents about anti-forced labor, and strengthened the efficient implementation of the security system. The Group requires that the applicant’s valid identity documents be strictly checked to ensure that the applicant is of legal age before employment. We clearly describe the job responsibilities to applicants in job interview, sign employment contracts with employees in accordance with national regulations, protect their legitimate rights and interests related to working hours and vacations, and strictly eliminate forced labor. In case of child labor or forced labor, we will have an investigation in time, and take measures such as communicating with child labor’s guardians and knowing the willing of forced workers, and then make job adjustment, dismissal and accountability according to the investigation results. In 2022, the Group found no cases of child labor or forced labor.

Employee Employment¹

Indicators		As of 31 December 2022
By gender	Male employees (person)	1,329
	Female employees (person)	1,502
By employee type	Full-time employees (person)	2,831
	Part-time employees (person)	0
By age	Employees under 30 years old (person)	704
	Employees aged 30 (inclusive) to 50 (exclusive) (person)	2,066
	Employees over 50 years old (inclusive) (person)	61
By region	Employees in Mainland China (person)	2,766
	Employees in Hong Kong, Macao and Taiwan regions (person)	48
	Overseas employees (person)	7

Employee Turnover Rate²

Indicators		As of 31 December 2022
Employee turnover rate (%)		13.46
By gender	Turnover rate of male employees (%)	14.46
	Turnover rate of female employees (%)	12.59
By age	Turnover rate of employees under 30 years old (%)	27.67
	Turnover rate of employees aged 30 (inclusive) to 50 (exclusive) (%)	9.40
	Turnover rate of employees over 50 years old (inclusive) (%)	3.28
By region	Turnover rate of employees in Mainland China (%)	13.26
	Turnover rate of employees in Hong Kong, Macao and Taiwan regions (%)	25.00
	Turnover rate of overseas employees (%)	25.00

People-oriented and Harmonious Development

Adhering to the concept of harmonious development with employees, the Group has always been committed to the cultivation and development of outstanding talents. We continue to improve the salary management system, formulate a competitive compensation strategy, optimize the salary policy and structure from time to time to attract, encourage and retain outstanding talents, and achieve a win-win situation for the Company and employees. The Group regularly organizes performance appraisal and sets up a reward mechanism to reward those employees with outstanding performance by issuing sales bonuses, sales commissions, annual bonuses, share options and share awards, so as to further mobilize the enthusiasm and initiative of employees for work.

¹ The scope of statistics includes headquarters and retail subsidiaries, excluding Guangxi supply base.

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



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The Group constantly optimizes the protection of employee rights and benefits, formulate differentiated welfare strategies, and build a diversified welfare platform in combination with individual needs. According to the regulations of the state and local governments, we provide supplementary medical insurance on the basis of social insurances and housing provident fund for employees to protect their health. We also provide subsidies such as catering and transportation allowance, communication allowance, cloth purchase fees, expatriate allowance, the Spring Festival and holiday benefits, wedding and childbirth gratuities and condolence allowance. At the same time, we distribute seniority souvenirs to veteran staff and hold a farewell ceremony for retired employees to express our gratitude and recognition for their contributions.

The Group attaches importance to the balance of work and life of employees and has formulated the "Employee Attendance and Leave Management System". We arrange their working time according to work and business needs and take appropriate measures on attendance tracking management to ensure reasonable working hours. If working hours beyond the statutory hours due to work requirements is needed, the employees will take time off or get overtime payment as compensation. In addition, all employees are entitled to statutory holidays, annual leave, maternity leave, sick leave and personal leave according to law.

We have been proving care for employees by many activities, help employees in difficulty, actively provide convenience for their families, and continuously enhance the team cohesion. The Group holds a celebration carnival every year and invite employees and their families to participate and feel the cohesive and positive corporate culture. We have set up a Mutual Aid Fund to help employees who have difficulties in life due to accidents or major diseases, so as to reduce their living burden, make them feel the warmth from the enterprise and enhance their sense of belonging. At the same time, we have set up a labor union committee to provide care for employees while safeguarding their rights and interests. In the outbreak of COVID-19, we supplied materials and cared for employees to meet their needs and solve their difficulties making joint response to challenges together with employees. In addition, the Group is concerned about the children of employees, for which it has established Li Ning Oriental Cambridge Kindergarten that is equipped top-level teachers to promote the all-round development of "Li-Ning Second Generation" in terms of moral, intellectual, physical, aesthetics and labor education; and it has also established an "Employee Home Care Center" to take care of employees' children during winter and summer vacations or extreme weather.

Safety Security and Health

The Group strictly abides by the "Labor Contract Law of the People's Republic of China", "Production Safety Law of the People's Republic of China", "Law of the People's Republic of China on the Prevention and Control of Occupational Diseases", "Fire Protection Law of the People's Republic of China" and other relevant laws and regulations. It constantly improves the employee health management system, strengthens fire safety management, implements epidemic prevention and control measures, and fully guaranteeing the life, health and safety of employees.

Employee health management

The Group has taken various measures around health security, physical exercise, healthy diet, supplementary medical insurance and health promotion and etc. to protect the physical and mental health of employees.

➤ **Health security**

We organize entry physical examination and annual physical examination for each employee according to their posts to reduce occupational disease-related risks. We also set up a Physical Rehabilitation Research Center and a Health Consultation Room in Beijing Headquarters Office Park to provide employees with basic drugs for daily disease prevention and control, and care for their health. In 2022, we organized the physical rehabilitation experience activity together with the Physical Rehabilitation Research Center to help employees understand and learn the effective methods of occupational disease prevention and sports injury rehabilitation, encourage them to exercise scientifically, and safeguard their health. In addition, the Group continued its normalized epidemic prevention and control, strengthened the frequency of property disinfections, extended ventilation time, and stocked sufficient protective clothing, N95 masks, alcohol, antigenic reagents and other epidemic prevention materials in advance, and purchased and distributed epidemic prevention materials worth more than RMB500,000 to employees.



➤ **Physical exercise**

To enrich employees' spare time and strengthen their physique, we have held a variety of cultural and sports activities, set up many sports clubs, and built badminton gym, basketball gym, tennis stadium, swimming pool, football field, yoga room, fitness center and other sports venues in Beijing Headquarters Office Park where various fitness equipment are available for employees, providing favorable conditions for employees to strengthen their physique. In addition, we have organized many sports competitions to cultivate employees' sports habits and promoting them to maintain good physical and mental state through sports after work.

➤ **Healthy diet**

To ensure the scientific, reasonable and nutritious diet of employees, the Group has established Chinese and Western restaurants, strictly controlled the hygiene and food quality of staff canteens to fully guaranteeing food safety, and providing healthy and nutritious diet for every employee.

➤ **Supplementary medical insurance**

We provide supplementary commercial insurance for each employee, such as supplementary medical insurance, personal illness and accident insurance, and critical illness insurance, etc., so as to comprehensively and effectively protect the health of employees.

➤ **Popularization of health knowledge**

To improve the self-care ability of employees, we hold health knowledge lectures from time to time. For example, we invite renowned health experts to give lectures on women's health knowledge on March 8 every year, encouraging employees to actively participate while promoting health knowledge, we also enhance employees' awareness of occupational disease prevention.

Fire safety

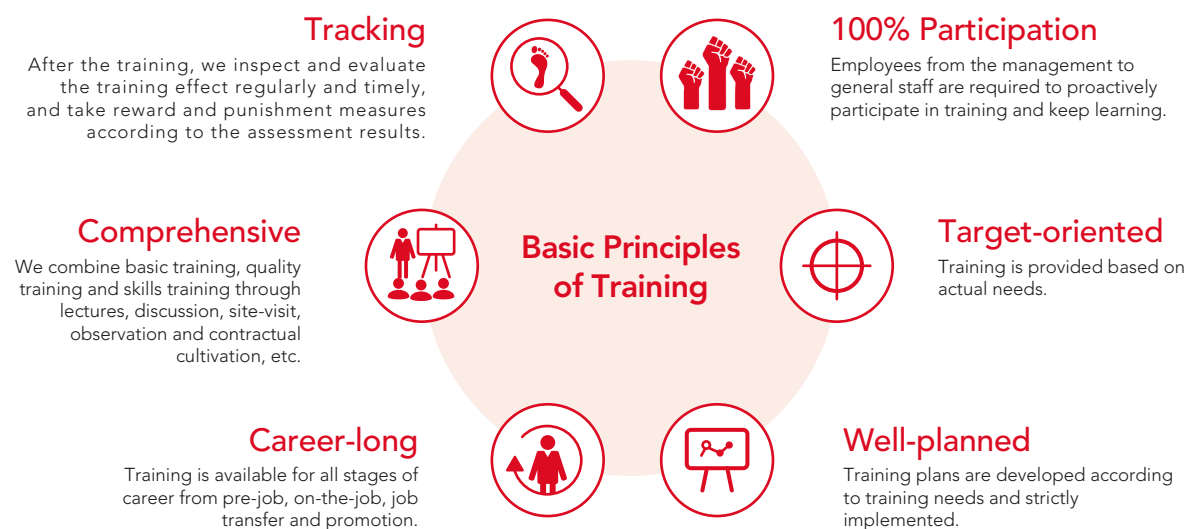
The Group highly values the importance of fire safety and has continuously improved its ability and level of fire safety management. We have formulated such systems and emergency plans as the "Emergency Evacuation Plan of Li Ning Center", the "Fire and Electricity Safety Management System", the "Fire Patrol and Inspection System", and the "Safety Evacuation Management System" to strengthen fire safety standards, establish a sound fire safety emergency mechanism, actively enhance employees' awareness of fire safety, and constantly organize activities such as training on the use of fire-fighting facilities, fire emergency drills and fire safety knowledge publicity in office places. We set up a miniature fire-fighting workstation in Beijing Headquarters Office Park, and conducted monthly drills on the use of fire-fighting equipment to demonstrate how to wear fire-fighting clothes and connect fire hydrants and taps, and organized fire-fighting knowledge training for new employees, property personnel and kitchen workers every quarter. In Jingmen Logistics Park, we regularly maintain fire-fighting equipment every month, conduct small-scale emergency fire evacuation drills every quarter, test the status of fire-fighting facilities and conduct a large-scale fire-fighting drill for all employees every year, so as to strengthen employees' awareness of fire safety and help employees improve their ability to escape, save themselves and help others.

Occupational Health and Safety³

Indicators	Data
Number of work-related deaths	0
—— Number of work-related deaths in 2020 (person)	0
—— Number of work-related deaths in 2021 (person)	0
—— Number of work-related deaths in 2022 (person)	0
Proportion of work-related deaths	0
—— Proportion of work-related deaths in 2020 (%)	0
—— Proportion of work-related deaths in 2021 (%)	0
—— Proportion of work-related deaths in 2022 (%)	0
Loss of working hours due to work-related injuries (days)	5

Talent Training and Value Creation

To build a team of high-quality professionals, the Group provides employees with all-round and diversified learning opportunities and development space, continuously improves their career development training, continuously improves their professional and comprehensive abilities, promotes their growth and development, helps employees achieve self-worth enhancement, and provides talent guarantee for high-quality and long-term development of enterprise. We uphold the following principles in employee training:



Basic Principles of Li-Ning in Employee Training

Based on the “721” rule of personnel training (i.e. 70% learn from experience, 20% learn from others and 10% learn from formal training), the Group has improved the employee training, and enriched the training course system around internal course training, on-the-job learning, rotation learning, counseling and feedback. The Group also actively encourages employee training by provision of special training expenses for outstanding employees, and further improving employees’ personal abilities.

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

- Internal course training: Adopt hybrid learning method combining online and offline learning. Online learning aims to effectively transmit knowledge, while offline learning integrates learning contents into activities. Differentiated courses are provided for retail terminals and functional officials to form an integration of teaching and practice, so as to help employees quickly improve their job skills and management ability, and deepen their understanding and absorption of learning objectives and contents.
- On-the-job learning: Project teams are formed by employees within or across departments to jointly complete the practical tasks through projects or assignments, so as to enhance organizational value and improve the working efficiency and ability.
- Rotation learning: Encourage employees to rotate within or across systems and provide internal talents opportunities for development. Focusing on skill improvement, the Group helps employees improve knowledge reserves, accumulate experience and skills on the basis of giving full play to their own advantages and specialties, and further stimulates the work enthusiasm and creativity of all employees.
- Tutoring and feedback: The “dual tutor” training mode is adopted, that is, each employee has two tutors. The first tutor is the employee’s immediate superior, who helps the employee analyzes his/her strengths and weaknesses in daily work, and guides the employee to make up for the weaknesses in time and improve professional skills. The second tutor is non-immediate superior, who helps the employee make career development plan and coordinates training resources, communicates with the employee in time to share personal work experience and broaden the employee’s diversified thinking.

In 2022, we organized offline training for new employees for non-in-store operations in an innovated way. Key employees in business departments taught as lecturers, and the training contents covered product design, development, supply chain, markets, marketing and other aspects. Lecturers also introduced the service contents and daily norms of the main functional departments, making new employees quickly establish awareness of the Company and products and better feel the corporate culture.

“The Way to Progress” Practical Training Camp for Product Managers

To consolidate the digital organization ability, further strengthen product thinking and enhance the practical abilities of product managers, we organized a 4-week “The Way to Progress” practical training camp for product managers. This training camp aims to help employees learn to solve core business problems, build business thinking of B-end products, strengthen their understanding of existing technology/business structure, improve their product demand management capabilities, and improve the internal product research and development capabilities from the perspectives of demand generation, demand understanding and demand analysis.

This training camp mainly adopted a “combined training scheme”, i.e. online recording and broadcasting + online live streaming. We invited external expert tutors with rich experience in internal and external system construction of enterprises to teach the whole process of To B product planning, design and implementation, and provide support from the perspective of product design and experience optimization.

Employee Training in 2022⁴

Indicators		Percentage of training (%)	Average training time (hours)
By gender	Male employees	100	13
	Female employees	100	12
By type	Management employees	100	20
	Non-management employees	100	12

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

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IV. SUPPLY CHAIN MANAGEMENT

The Group has continuously improved its socially responsible supply chain management system. To this end, we have developed such policies and systems as "Supplier Management System", "Code of Conduct for Suppliers' Social Responsibility of Li Ning Company Limited", "List of Restricted Substances in Production of Li Ning Company Limited", "Management Manual for Suppliers' Social Responsibility of Li Ning Company Limited" and "Implementation Guide for Suppliers' Social Responsibility of Li Ning Company Limited". In 2022, the Group further improved the Productive Supplier Management System of Li Ning Company Limited, and issued the Management Commitment on Anti-forced Labor. At the same time, it has formed internal system procedures such as Internal Risk Management Procedure for Anti-forced Labor in Supply Chain of Li Ning Company Limited to strengthen the environmental and social risk management of suppliers. The Group actively cooperates with high-quality suppliers, develops green supply chain and products, and strives to drive brand value chain partners to jointly fulfill their social responsibilities and build a sustainable value chain. The Group had a total of 311 suppliers at the end of the report period.

Number and Distribution of Suppliers

Indicators	As of 31 December 2022
Number of suppliers in Mainland China	310
Number of suppliers in overseas, Hong Kong, Macao and Taiwan Region	1
Number of primary suppliers ⁵	239
Number of secondary suppliers ⁶	72

The Group has always adhered to the concept of sustainable development and management and is committed to integrating it into the introduction, evaluation, improvement and disqualification of suppliers. We regularly track the updates and changes of ESG-related laws, regulations, policies and industry standards, and incorporate them into the supply chain audit and assessment tools in time. We clarify the Group's environmental and social risk management requirements to suppliers, and help suppliers to continuously improve their environmental and social risk management level, so as to jointly build a safe, inclusive and respectful workplace, and promote the sustainable development of supply chain partners.

Introduction of Suppliers

In the stage of introduction of suppliers, the department of demand initiates the supplier cooperation application through the supply chain system, and all relevant departments cooperate to carry out the document audit and on-the-spot audit of the target supplier, and upload the audit opinions to the supplier management system. After that the Supplier Management Department will judge whether the target supplier meets the introduction requirements according to the opinions. For those qualified target suppliers, the introduction evaluation results must be approved by the senior management leaders, and finally approved by the CEO so as to complete the introduction process.

⁵ Primary suppliers include finished goods factories, semi-finished goods factories and process factories. The finished goods factory is the finished goods production factory, the semi-finished goods factory is the production factory of the more independent components that make up the finished goods that can be sold, and the process factory is the processing and handling factory of the materials.

⁶ Secondary suppliers are material factories. The material factory is the factory that processes the materials needed to form finished or semi-finished products.

The Group conducts the evaluation introduction by such means as document review, on-site visit, employee interview and management interview. On the basis of reference to the Group's standards, it fully refers to GB/T 36000-2015⁷, ISO 26000, OECD Guidelines⁸, ILO⁹ guidelines, SA8000¹⁰, ETI¹¹ standards, Disney ILS¹², Intertek WCA¹³, Sedex¹⁴, SMETA¹⁵, BSCI¹⁶, SLCP¹⁷, RBA¹⁸, IETP¹⁹ and other national laws and regulations and international standards to keep the objective and fair evaluation. In addition to production factory suppliers' basic information such as qualifications, scale requirements, quality system and production technology and other basic information, we will also conduct social compliance audits on suppliers from the aspects of labor, occupational health, fire protection, chemical management, environmental protection and other aspects. Only after completing this link, we can enter the next step. If zero tolerance items such as commercial bribery, child labor or forced labor, and illegal discharge of sewage are found in the audit, the introduction will be terminated. In case of other major environmental and social risks, the introduction will be suspended, and restarted after the supplier completes systematic rectification. In 2022, a total of 42 formal suppliers entered the social compliance audit in the introduction stage, and 100% passed the introduction evaluation after first review and second review.

Assessment of Suppliers

The Group conducts quarterly and annual social compliance audits, special follow-up assessments and irregular spot checks on suppliers to identify possible environmental and social risks in the supply chain in time, and supervises suppliers to make rectification and improvement within a time limit.

The Supplier Management Department cooperates with the production team, R&D team, development team, supply chain team and QC and sustainable development team to know the cooperation of supply chain every quarter, and carry out assessment around business ethics, labour employment, working hours, wages and benefits, occupational health, energy and environmental performance, chemical management, safety and business continuity, etc. The specific evaluation process is as follows:

- Issue a self-inspection notice at the beginning of the first month of each quarter, requiring suppliers to carry out self-inspection in the third month of the current quarter and submit relevant documents with transparency, clarity, relevance, timeliness and traceability;
- Review and evaluate the information submitted by suppliers, and send the continuous improvement requirements for the new quarter to suppliers, and urge them to optimize the management level;
- The Supplier Management Department collects and summarizes the quarterly evaluation results of functional departments concerned, and organizes a quarterly evaluation meeting. Each department summarizes the quarterly assessment of suppliers, suppliers' problems in various aspects and the improvement objectives and plans, and reports the evaluation results to the CEO.

The Group conducts the audit every year according to the cooperation and the evaluation results of the previous year. The audit covers social responsibility management, environmental management, chemicals management and carbon emission management. The Group formulates a rectification plan for the problems found, and assign a special person to track the rectification progress and results.

⁷ GB/T 36000-2015: The Social Responsibility Guidelines, promulgated by the State Standardization Administration Committee and the General Administration of Quality Supervision, Inspection and Quarantine.
⁸ OECD Guidelines: OECD Guidelines for the Testing of Chemicals.
⁹ ILO: International Labor organization.
¹⁰ SA8000: Social Accountability 8000.
¹¹ ETI: Ethical Trading Initiative.
¹² Disney ILS: Disney International Labor Standards.
¹³ WCA: Workplace Conditions Assessment.
¹⁴ Sedex: Supplier Ethical Data Exchange.
¹⁵ SMETA: Sedex Members Ethical Trade Audit.
¹⁶ BSCI: Business Social Compliance Initiative.
¹⁷ SLCP: Social & Labor Convergence Program.
¹⁸ RBA: Responsible Business Alliance.
¹⁹ IETP: ICTI Ethical Toy Program.

Case: Continuously strengthen the third-party audit on suppliers and improve supplier management.

In 2022, the Group carried out third-party audit in Guangxi and Hubei production bases. In this audit, all six factories passed the international third-party verification, and each of the shoe and clothing factories in the two production bases obtained honorary certificates for perfect management. At the same time, in the Group's social compliance self-assessment of suppliers, all six factories were rated as A-level, and obtained the social compliance recognition of international brands (including but not limited to Disney, Universal and Nike, etc.), and became one of the excellent partners.

➤ **Social compliance audit**

In 2022, the Group conducted the social compliance audit on 95 finished product and semi-finished product factories selected according to the proportion of orders (more than 1%). All the 95 suppliers were audited by third parties on site, covering about 90% of orders. The audit standards include but are not limited to BSCI, SMETA, WCA, WRAP²⁰, RBA and other international standards. The score results of Li Ning Group were given in a uniform manner. The audit results were shown in the form of green cards, blue cards, yellow cards and red cards, among which red cards represent unqualified²¹. We developed personalized treatment measures for suppliers with different audit results. For green suppliers, we appropriately started the non-notice audit to monitor their real-time situation; for red suppliers, they are required to make rectification, and if they are rated as red suppliers twice, the disqualification process will start; for other types of suppliers, they also need to solve related problems in time according to the audit results. We require all suppliers to complete rectification for the problems found in the audit within 3 months, continuously follow up the rectification, and carry out the second on-the-spot audit or file audit. In 2022, the low-score suppliers mainly made rectification within a prescribed time limit in terms of salary and welfare, employee health and safety, etc. according to the evaluation results. All the problems were minor problems without zero tolerance items. Combined with the rectification results, there were 94 green and blue suppliers, 1 yellow supplier and no red supplier. In addition, 3 suppliers were audited without any notice. In the future, the Group will further strengthen the social responsibility audit of finished product and semi-finished product factories, increase the audit coverage and intensity, and continuously improve the social responsibility management ability and level of suppliers.

During the audit process, we adhere to the principle of mutual optimization, improvement and continuous progress together with suppliers. We have included zero tolerance items such as false records and documents, commercial bribery, child labor, forced labor and inhuman treatment, remuneration below the statutory minimum wage, and occupational health and safety. Once any zero tolerance items are found in the audit, we will terminate the cooperation with the supplier concerned or stop the introduction of suppliers.

➤ **Environmental audit**

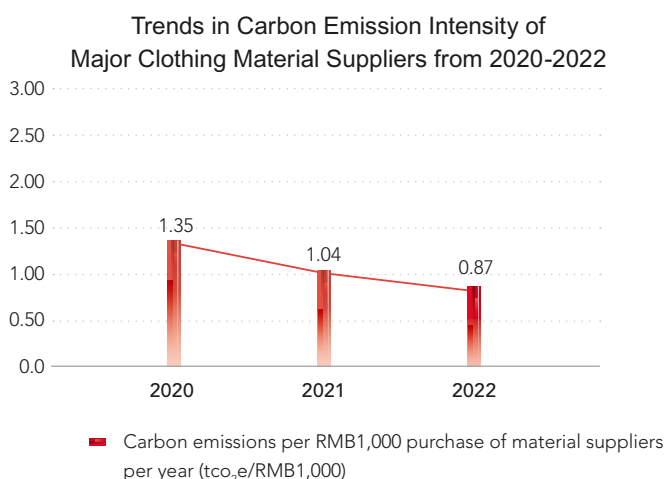
In 2022, a third-party auditing body entrusted by the Group conducted quarterly desktop audit and evaluation of environmental compliance for 60 semi-finished products factories, process factories and material factories whose orders accounted for more than 1%, and conducted on-the-spot environmental audits for 8 of them. For the problems of wastewater pollution control, waste gas pollution control, solid waste management, energy management, environmental emergency and management found in the audit, suppliers concerned were urged to follow up and rectify. Suppliers' environmental management ability was improved through on-the-spot audit and active communication in the later rectification process. All suppliers participating in on-the-spot environmental audit obtained green or blue cards after rectification.

²⁰ WRAP: Worldwide Responsible Apparel Production.

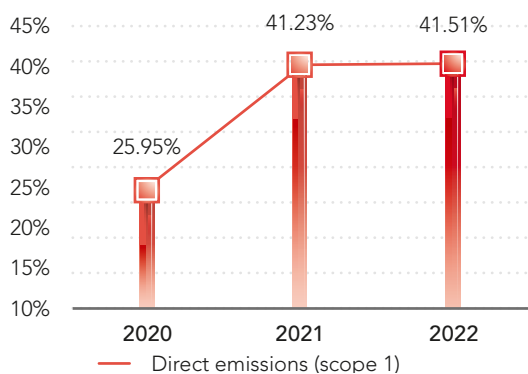
²¹ Site audit rating requirements: Green: score \geq 85, Blue: 85 > score \geq 70, Yellow: 70 > score \geq 60, Red: score < 60.

➤ Supply chain carbon emission management

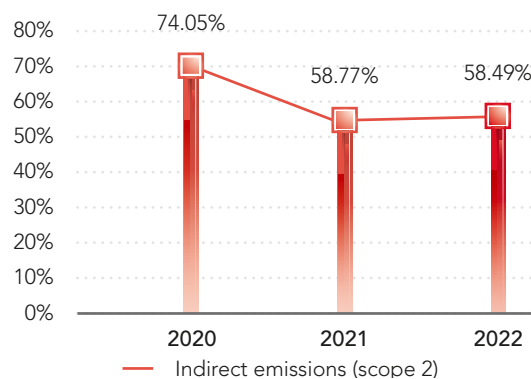
To further understand suppliers' carbon emission management capabilities and strengthen ESG management of supply chain, the Group has cooperated with third parties in carbon inventory inspection of major suppliers since 2020. By 2022, a total of 28 suppliers have completed carbon inventory inspection. We conducted on-site energy and carbon emission management training for factories participating in carbon inventory inspection, combed and audited the energy consumption and carbon emission data of each factory in the past three years, and discussed and exchanged future energy conservation and carbon reduction plans together. In carbon inventory inspection, the Group investigated the current situation of supply chain energy consumption and carbon emission management capacity, gradually expanded the coverage and scale of supply chain carbon inventory inspection, and further understood the overall emission level of supply chain, which laid a solid foundation for the Group's follow-up disclosure of carbon emissions in scope 3 and the formulation of carbon emission reduction plans for suppliers and products. On the basis of third-party carbon inventory inspection, we also collect energy consumption and carbon emission data from suppliers in 2022 by training, on-site counseling and use of professional tools. The greenhouse gas emissions of clothing material suppliers with relatively high order volume in recent three years are shown in figures below:



2020-2022 Statistics of Carbon Emissions of Major Clothing Suppliers in Scope 1



2020-2022 Statistics of Carbon Emissions of Major Clothing Suppliers in Scope 2





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➤ **Chemical management of suppliers**

The Group continues to improve the chemical use management in the supply chain by developing its own restricted substances list and engaging in international cooperation. Combined with the domestic and international attention to high-risk chemicals and relevant laws and regulations, we prepared the “Technical Requirements for Health and Safety of Clothing, Shoes and Accessories” in 2012, covering the requirements for restricted chemical substances. After continuous updating and improvement, Q/LNB 71001-2021 “Li Ning Product Safety Technical Requirements”, an internal restricted substances (RSL) standard, was developed in 2021, including 25 categories of restricted substances and their testing specifications. All suppliers are required to sign declarations of compliance with this standard. In the production process, suppliers are required to monitor the compliance of the use of chemicals in the whole process, and we also randomly test the compliance of restricted substances on a regular basis.

As one of the founding brands of Zero Discharge of Hazardous Chemicals (ZDHC) Foundation, we actively promote the adoption of ZDHC Manufacturing Restricted Substances List (MRSL) and compliance guidelines, and strive to achieve zero emission of restricted chemicals. The Group cooperates with professional third-party test companies every year in on-site chemical assessment for major suppliers, so as to enhance the chemical management capability of the supply chain and ensure the effective implementation of the Group’s concepts and requirements related to chemicals management. In 2022, we continued to cooperate with professional third parties in chemical assessment for four suppliers. The evaluation tools and contents comprehensively refer to the regulatory requirements for the use of chemicals at home and abroad, and the requirements of “ZDHC Chemical Management System Framework” and “ZDHC Chemical Management System Technical Industry Guide”. Through one-to-one field training and communication with experienced chemical audit experts, the existing problems are found and targeted rectification solutions are put forward to help suppliers to improve the ability of chemicals management and continuously improve and build a perfect chemicals management system.

In 2022, the order volume covered by the secondary main suppliers subject to ZDHC wastewater detection was over 95%, and the compliance rate of MRSL parameters reached 52.39%.

In addition, the Group also encourages suppliers to carry out other certifications under appropriate circumstances. In 2022, the leather materials supplied by a leather supplier to the Group obtained OEKO-TEX® Standard 100 certification, and one main leather supplier won the gold medal certification of Leather Working Group (LWG).

➤ **Supplier capacity building**

To further empower suppliers and partners to practice social responsibility and deepen the idea of sustainable development, we held four supplier training sessions jointly with other enterprises and institutions in 2022. Specifically, in April 2022, we cooperated with Ethical Trading Initiative Sedex to train suppliers on “responsible supply chain”. In June, 2022, the special ability improvement training for social responsibility compliance was organized for Guangxi Production Base. In August 2022, we cooperated with Open View to have special supplier training on anti-forced labor. In November 2022, we cooperated with Intertek to conduct comprehensive training on social responsibility compliance for dealers and HR personnel. Through trainings, suppliers could continuously strengthen the ESG concept and promote the ESG management level, and work together to practice sustainable development in concerted efforts.

Supplier Disqualification

The Group evaluates all accepted suppliers every quarter. Those suppliers who fail to meet business needs, fall below the minimum standard and touch the red line in two of the four consecutive quarters of comprehensive evaluation, such as major quality incidents, social responsibility incidents, breach of integrity and anti-corruption clauses, are disqualified, so as to ensure the quality of suppliers.

Building a Green Supply Chain

The Group continues to improve the environmental management requirements of suppliers. In the introduction process, we require suppliers to provide relevant documents such as environmental impact assessment (EIA) files, EIA approval, environmental completion and acceptance report of construction projects, waste water/waste gas monitoring report, and pollutant discharge permit, etc., and take illegal discharge of sewage and hazardous wastes as zero tolerance items in the audit. In the quarterly audit, suppliers are required to provide their main energy consumption data and greenhouse gas emission data, energy consumption assessment system or energy-saving action plan and measures. In the annual audit, we also evaluate suppliers' waste management, energy-saving measures, application of new energy-saving technologies and the implementation of carbon emission reduction as key points of audit, besides the relevant environmental qualifications and compliance.

In 2022, we continue to increase the investment in the use of environment-friendly materials and the production of environment-friendly products from the product side, production side and operation side, and practiced green development. We comprehensively promote the substitution of environment-friendly materials, and product planning, product research and development, and product supply chain departments work together to explore alternatives to environment-friendly materials, increase the proportion of environmental-friendly products, and set quantitative targets.

➤ **Promote the use of environment-friendly packaging bags**

In 2022, we actively promoted the use of environment-friendly packaging bags made of 100% regenerated polyethylene to effectively reduce the consumption of plastic products. Therefore, the Group fully practiced the "recycling" of waste, effectively mitigated the negative impact of plastics on soil, and adopted products with GRS certification²². While effectively ensuring the quality of recycled plastic products and product packaging quality, it further practiced the concept of green and environmental protection. In 2022, the Group ordered approximately 21 million environment-friendly packaging bags.

➤ **Wukong Environmental Protection Sneaker**

In 2022, the Group developed Wukong Environmental Protection Sneaker around the environmental protection concept of turning waste into wealth. We add 20% recycled materials to its soles; the vamp is made of recycled yarn from waste materials such as plastic bottles and rags, which is lighter and breathable; shoelace and lining are all made of recycled materials; the insole is made of bio-based materials, which has better resilience and softness, and can be recycled to reduce energy consumption; and the shoe molding glue is a kind of environment-friendly water-based glue, which has strong hydrolysis resistance and less pollution to the environment and atmosphere. The packaging box of this product also uses an environment-friendly shoe box certified by FSC²³, which fully demonstrates the environmental protection concept and actions of the Group.



Wukong Environmental Protection Sneaker

²² GRS: Global Recycled Standard.

²³ FSC: Forest Stewardship Council.

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➤ **Plant dye**

The Group is committed to the research and development of plant dyed products. We extract natural colors from plants, and select pomegranate rind, Chinese gall, indigo plants, green tea, madder, mulberry leaves and other plants from thousands of natural plants, which are presented with five natural colors: creamy (beige), azure blue (light dusty blue), lotus red (soft fog pink), storax (goat grey) and olive-green porcelain (desert green). The application of plant dyes not only avoids the environmental pollution caused by synthetic chemical dyes, but also greatly reduces the unit consumption of production energy, water resources and steam, and effectively fulfills the environmental protection responsibility. In addition, natural yarn fabrics are preferred for products using plant dyes, thus further reducing the environmental pollution in the process of plant cultivation.

In 2022, we launched a brand-new single product of plant dyeing, which injected Chinese crafts and environmental protection and sustainability concepts that inherited the artists' ingenuity of the Millennium into the clothing fashion, and interpreted advanced and simple life aesthetics and traditional crafts full of natural interest from the fashion perspective. In 2022, the sales of plant dyed products were about 412,000 pieces.



Plant Dyed Products

➤ **Boom Fiber**

Boom Fiber is made from castor oil. It is a bio-based product that can replace petroleum-based compounds, and is planted in a sustainable way and closer to nature. In June 2022, Li-Ning released BOOM FIBER Vamp Technology, which further extended the “Li-Ning Boom” technology released in 2019, and extended the Boom technology from the midsole to the vamp. Boom Fiber not only ensures the vamp strength, but also produces a larger area of breathable mesh and greatly enhances the breathable efficiency of the vamp. The overall weight of shoes is effectively optimized to reduce the burden and pressure on both feet. Thanks to the combination of high-performance materials and advanced weaving techniques, the vamp is stronger, flexural and tear resistant, providing stable and reliable feet wrapping and support.



Boom Fiber Vamp Technology

Industry Cooperation

The Group fully practices its social responsibility by actively participating in many sustainable development exchange and construction activities in the industry, promotes industry discussion and cooperation in low-carbon management, sustainable supply chain and sustainable product innovation, jointly explore and optimize the sustainable development model of enterprises, and actively contribute to the national “carbon peak and carbon neutrality” strategic goal while improving its own sustainable development management level.

In 2022, The Group was invited to participate in exchange and cooperation activities such as PricewaterhouseCoopers “Green Future” themed event in China International Fair for Trade in Services, ESG Governance and Information Disclosure Seminar of Listed Companies in Chinese Textile and Apparel Industry, and M SPACE “Sustainability is the New Fashion” in Shanghai Fashion Week. Focusing on ESG vision and strategy, ESG management system, climate change response, ESG management of supply chain and carbon emission reduction and other issues, the Group shared its management concepts and practical actions, actively interacted with industry peers and partners, and joined hands with other companies to explore green and sustainable development opportunities, cope with green transformation challenges and promote the ESG management level in the industry.

In addition, the Group continued to advance steadily on the path of low-carbon transition, made innovations and breakthroughs in the field of sustainable development, gradually improved its own low-carbon development actions. It was successfully selected into the “Report on Low-carbon Transition and High-quality Development of Chinese Enterprises 2022”. All of these demonstrated our determination and efforts to actively respond to the “carbon peak and carbon neutrality” strategy and cope with climate change.

V. PRODUCT LIABILITY MANAGEMENT

The Group highly upholds the vision of “becoming the globally recognized fashionable world-leading professional sports brand originated from China”, and always attaches great importance to the management of product responsibility, the Group strictly abides by relevant 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 Protection of Consumer Rights and Interests”, constantly strengthen product quality control and are committed to providing consumers with comfortable and safe products; continuously improve customer service quality and optimize customer communication mechanism; focus on advertising and trademark management, actively protect intellectual property rights, and implement brand protection and responsible publicity; and improve the customer information security and protection mechanism and protect the legitimate rights and interests of consumers.



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Product Quality Control

In 2022, to further standardize the product quality management standards, the Group, on the basis of strict compliance with relevant laws and regulations, consulted the national GB/T 19001-2016 Quality Management System, ISO9001 Quality Management System and technical specifications for shoes, clothing and accessories, as well as relevant industry standards. The Group systematically sorted out the requirements of the control process of each node, and revised the "Implementation Rules of Technical Requirements for Product Safety of Li Ning Company Limited", the "Executive Standard Number, Size, Grade, Safety Category and Shelf Life of Infant and Child Clothing", the "Executive Standard Number, Size, Grade, Safety Category and Shelf Life of Adult Clothing", the "Quality Control Process of Shoe Products at the Development Stage", the "Management Regulations for Special Use", the "Sampling Rules for the Physical Properties of Finished and Semi-Finished Soles of Li Ning Shoes", the "Operation Instructions for Incoming Inspection and Control Requirements of Raw Materials" and other internal regulations, to further guarantee the product quality management system.

The Group has continuously strengthened the quality supervision and management of the whole process of product production. In the stage of product development, a risk assessment team composed of personnel from Product Development Project Team, Quality Control Department (QC) and Quality Assurance Department (QA) is set up to evaluate and analyze the quality risks existing in product development every quarter. In the stage of production, a joint inspection team including QC and QA personnel is set up to have joint quality inspection on the warehouse every quarter in the aspects of process management, material quality and craftsmanship level. In addition, a number of special quality level market survey were carried out during the year, including washed denim/corduroy, functional children's wear, functional materials, dresser line fabrics and chinlon fabrics, etc., and special analysis reports were produced to further improve the quality level of products. At the same time, we attach great importance to consumer feedback, so we follow up and improve the product quality that meets the quality standards but falls short of consumer expectations. We have prepared the Quality Control Manual Based on Consumer Experience to improve consumer satisfaction and strengthen product quality control from the front end of product research and development.

We audit the quality management systems of finished shoe suppliers, main sole material suppliers and clothing material suppliers every year. According to the evaluation results, we take measures such as rectification within a prescribed time limit, interview, and circulated notice of criticism or starting disqualification procedure for unqualified suppliers. In 2022, the footwear QA of the Group revised the "On-the-spot Audit Form of Introduction of Suppliers" to strictly review the qualifications of accepted suppliers and further ensure the quality of suppliers.

Product Identification and Recall

The Group has prepared the Regulations on the "Management of Defective Product Recall of Li Ning Company Limited", the "Procedures and Standards for the Recovery of Defective Products of Li Ning Company Limited", the "Service Commitment of Three Guarantees of Product Quality", and the "After-sales Service Manual of Li Ning Company Limited". A perfect defective product recall management process has been established to fully guarantee product quality and safety, protect consumers' legitimate rights and interests, and enhance consumers' shopping experience.

We strictly control various product processes and standards, and set up a complete after-sales guarantee system. All goods sold in online stores are subject to the policy of return of goods without reasons within 7 days, and all goods sold are entitled to the "Three Guarantees" (for repair, replacement, and compensation of faulty products) policy according to national regulations. In case of any returned product, our full-time defective product examination team will identify the problems existing in the product and give back the identification results to customers. At the same time, the identification results will also be transmitted to the management personnel of logistics, finance, suppliers and other links, and will be reported in the Monthly Quality Report. In the follow-up product research and development, the Product Research and Development Department will refer to the effective market feedback to further improve the product quality. In 2022, the Group did not recall any products for safety and health reasons.

The Group has established a strict product recall mechanism and will recall products due to their inherent quality hazards, health and safety hazards, infringement and other related problems. The scenarios in which the Group implements product recalls mainly include:

- Products that are not qualified for sampling inspection by the State or local market supervision department;
- Products are 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;
- 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;
- Products 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.

In response to the product recall, the Group has formulated perfect treatment procedures and measures to protect the legitimate rights and interests of consumers:

- QA Department has the right to request the suspension of sales of product concerned, so as to prevent the potential risks from further expanding, and immediately carry out investigation in conjunction with other relevant departments to track the causes of problems.
- QA Department informs the manufacturer of product quality information in time, so that the manufacturer can take actions to deal with possible losses, establish effective communication channels with suppliers and third parties, and actively seek solutions to reduce losses caused by product defects.
- QA Department decides to implement the recall plan according to the quality inspection report, infringement appraisal report or market feedback, and formulates the treatment plan for products recalled to minimize the impact on consumers.

Customer Complaints and Protection

On the principle of “customer first and professional service”, the Group continuously optimizes its customer service system. The Group has formulated the “Regulations on the Management of Customer Service Telephone Answers”, “Customer Service Knowledge Management Standards”, “Daily Management Standards of Customer Service Hotline”, “Member Online Service Management Standards” and other systems to continuously strengthen customer communication, fully listen to consumer opinions and feedback, efficiently handle customer complaints, and protect their rights and interests. In 2022, we have effectively improved the customer service level by taking all-round and diversified measures:

- **Optimize and upgrade the customer service platform:** In 2022, the Group integrated and upgraded the all-media customer service platform, opened up many points of access for customer service, realized seamless connection of consumer problem acceptance, and further promoted the upgrade of customer service level. In case of consumer complaints, our customer complaints specialists will follow up and handle them, timely call back to consumers and know their complaint contents and requirements, and negotiate with them to return goods, exchange goods, or make compensation, etc., so as to ensure communication and consensus with consumers.



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- **Establish multiple communication channels:** We established many user communication channels such as “400 Customer Care Hotline” (400-610-0011), we-media channel Weibo (@ Li-Ning Official Weibo), Li-Ning CLUB WeChat official account, designing WeChat Mini Program, and contact email address (ccc.support@li-ning.com.cn) and voice message to ensure the round-the-clock access to customers’ opinions and suggestions. In addition, an online auxiliary feedback channel of enterprise WeChat in channel stores can be used to communicate with customers more conveniently and quickly and solve consumers’ concerns efficiently.
- **Conduct consumer satisfaction survey:** We build a good communication bridge with consumers by using consumer insight tools. We take the initiative to understand consumers’ willingness to repurchase, motivation of purchasing important commodities, and experience of services and activities, and treat consumers’ feedback strictly. After obtaining customers’ feedback on products or services, we systematically sort out and summarize them to form an analysis report, which will be transmitted to relevant departments for implementation and improvement, so as to continuously improve service quality and enhance customer experience.

In 2022, the Group’s head office received 1,553 consumer complaints and our e-commerce platform received 691 consumer complaints through the market supervisory authority. Upon receipt of complaints, we analyzed the product problems together with the consumer complaints and deal with the consumers’ requirements accordingly with 100% settlement. The results were fed back to the Administration for Market Regulation.

Customer Information Protection

The Group keeps strictly to the requirements of relevant laws and regulations such as “Personal Information 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”. A perfect information security management mechanism has been established, and the whole process of data flow is strictly monitored by using high-security firewall technology to ensure that customer information is not leaked during transmission or storage. In 2022, the Group revised the “Information Security Management Regulations of Li Ning Group”, the “Definition of Classified Confidential Information of Li Ning Company Limited and the “Provisional Regulations on Information Security Management of Li Ning Company Limited”, and formulated the “Member Rules” and “Privacy Policy” for members registered in Hong Kong, so as to further improve the information and data security management standards and effectively protect customers’ privacy and data security. In 2022, we also started the Personal Information and Data Security Compliance Project, and completed the compilation of questionnaire of personal information. In the future, we will continue to carry out personal information and data security compliance assessment, system building and compliance training, etc., so as to further improve information protection and privacy security.

In terms of internal management measures, the Group keeps all customer information properly and protects strictly in all aspects. All customer service personnel cannot obtain personal information of consumers in batches. Only authorized personnel can read and use relevant data within the authorized scope, and single data is also transmitted in the system in an encrypted way. The operation records of all customer service personnel are stored in system logs, which can be supervised and managed timely and effectively. In case of customer information leakage, we will seriously deal with the leaker according to relevant laws and regulations and internal personal information protection measures, and as the circumstances may require, determine whether the leaker should be transferred to law enforcement agencies for further treatment. We explain to consumers whose privacy is disclosed and promise to bear corresponding legal responsibilities.

In terms of third-party partner management, we can only obtain customer’s personal information with customer’s authorization, and inform the customer of the list of third-party SDKs accessed by various platforms of Li Ning’s official flagship store. It is strictly forbidden to provide any customer information and data to any third party without authorization to ensure the safe transmission of customer information. In addition, we have added “Commitment Letter of Personal Information and Data Protection”, personal information and data protection clauses and so on to distribution contracts, some service contracts, and e-commerce business cooperation contracts, requiring partners to strictly fulfill their obligations and responsibilities of personal information and data protection. In addition, we systematically evaluate suppliers, and require those suppliers who meet the requirements to establish a complete customer information preservation mechanism and apply the same information security management system as within the Group. We also supervise the implementation in order to reduce the risk of customer information leakage.

In terms of employee training and assessment, the Group organizes employee training on consumer information and privacy protection every quarter, focusing on topics such as consumers' personal information security protection measures, types and cause analysis of personal information infringement in e-commerce, etc., so as to enhance employees' sense of responsibility to safeguard consumers' rights and interests according to law. In 2022, we introduced the Data Security Law of Data Compliance and other legal information related to personal information protection to all employees to strengthen their legal awareness of information protection. In addition, we conduct daily work assessment on customer service personnel, urge them to strictly abide by internal management regulations to protect consumers' privacy, and advocate information security and privacy protection as key contents in weekly and monthly customer service meetings.

Intellectual Property Rights and Brand Protection

The Group strictly abides by relevant laws and regulations such as the "Trademark Law of the People's Republic of China", "Patent Law of the People's Republic of China", "Copyright Law of the People's Republic of China", "Advertising Law of the People's Republic of China", "Anti-Unfair Competition Law of the People's Republic of China" and "Law of the People's Republic of China on Protection of Consumer Rights and Interests". The Group constantly carries out standardized intellectual property protection, brand protection, advertising and trademark management.

In 2022, we further implemented the "Intellectual Property Management System", "Trademark Management Measures", "Patent Management Measures", "Copyright Management Measures", "Personal Information Protection Law" and other institutional norms. All functional departments were required to implement intellectual property management strategies according to law, strictly implement the compliance review process of intellectual property protection applications including trademarks, patents, copyrights and product designs, investigate and avoid potential infringement risks, and strengthen the prevention and handling of intellectual property cases by formulating an intellectual property early warning mechanism to effectively improve the efficiency of intellectual property management.

- For products to be launched, we review the styles and elements of product design prior to launch, and hold an internal sample selection meeting to identify and adjust potential infringing products in time. If a launched product is exposed to the risk of intellectual property infringement, we will take down the product immediately and claim liability from the responsible persons.
- For cooperative suppliers, the Group has specified the provisions of intellectual property declaration in the "Materials Cooperation Agreement", "Product Processing Agreement" and other agreements, requiring suppliers to guarantee that the products and materials they supply will not infringe on the intellectual property rights and legitimate rights and interests of any third party. In case of infringement, we will immediately start legal proceedings to protect rights.
- In view of the protection of intellectual property rights in the process of production and placement of advertisements, we have a brand material review process. After the relevant business departments submit applications, the Legal Department and the Brand Department jointly review the infringement of intellectual property rights related to advertising to ensure compliance of the production and placement of advertisements.

To practice responsible publicity, the Group has formulated the "Advertising and Promotion Compliance Guide" to strengthen the standard compliance publicity. It is strictly forbidden to disseminate, publish, edit and tamper with any unauthorized pictures, fonts, texts, software and music pieces. Any form of infringement is not allowed in order to ensure the authenticity of publicity content and avoid misleading consumers. In addition, we regularly organize advertising and promotion training and invite professional lawyers to give "Legal Training on Advertising Marketing Compliance" on the spot, so as to strengthen the legal awareness and responsibility awareness of employees. Meanwhile, we release illegal advertising punishment cases every month in the community knowledge base of Li-Ning to share and give warnings, and gradually strengthen employees' self-restraint ability for intellectual property infringement.



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In terms of brand protection, the Group has prepared the “Li Ning Brand Corporate Identity Use Specification”, which clearly stipulates the display form, appearance proportion and specifications of the brand logo, compliance matters that should be concerned and observed when using brand logo for pattern creation in non-logo areas, as well as the management norms that external partners should strictly follow when using relevant logos and materials, so as to further enhance the standard management of brand protection. In addition, we regularly monitor the suspected cybersquatting of the Group’s brand trademarks every month, and have developed a number of brand rights protection and anti-counterfeiting measures:

- Cooperate with many e-commerce platforms in governance, and report and remove fakes retrieved by ourselves or reported by consumers;
- Buy fakes with large sales volume on e-commerce platforms and find out their place of origin, coordinate with industry and commerce authority and public security to crack down on their warehouses, so as to solve problems from the source and root;
- Notarize the purchase of the counterfeit products and file a civil tort lawsuit in court to seek compensation and closure of the fake selling stores.

VI. ANTI-CORRUPTION MANAGEMENT

The Group puts high emphasis on anti-corruption and is committed to building a clean and efficient operating ecology. We strictly follow the “Criminal Law of the People’s Republic of China”, “Company Law of the People’s Republic of China”, “Anti-Unfair Competition Law of the People’s Republic of China”, “Interim Provisions of the State Administration for Industry and Commerce on Prohibiting Commercial Bribery”, the “Interpretation of the Supreme People’s Court and the Supreme People’s Procuratorate on Several Issues Concerning the Application of Laws in Handling Criminal Cases of Corruption and Bribery” and the “Opinions of the Supreme People’s Court and the Supreme People’s Procuratorate on Several Issues Concerning the Application of Laws in Handling Criminal Cases of Commercial Bribery” and other laws and regulations to strengthen anti-corruption management.

The Group constantly improves its anti-corruption mechanism, standardizes anti-corruption management norms, and has formulated many systems and regulations such as “Anti-Corruption and Anti-Bribery System of Li Ning Group”, “Complaint Reporting Procedure”, “Retail Store Operation Management Manual”, “Financial Management and Punishment Standards”, “Cash Expenditure System”, “Employee Handbook”, “Non-productive Procurement Management System”, and “Tendering and Bidding Management Measures”. These systems and regulations clearly specify the anti-corruption management process and punishment standards to ensure the orderly anti-corruption management. In 2022, there were no corruption lawsuits filed and concluded against the Group or its employees.

The Group has continuously improved its anti-corruption management measures, maintained a zero-tolerance attitude towards employee corruption, resolutely put an end to corruption, and strived to build a clean and honest working environment. In 2022, the Group improved and revised the reporting channels in the “Anti-corruption and Anti-bribery System of Li Ning Group”. In terms of corruption reporting mechanism, we promulgated the “Complaint Reporting Procedure” in 2022, which clarified the reporting channel, reporting process, and whistleblower protection measures to ensure the orderly reporting mechanism. We also distributed the “Complaint Reporting Guide” to all employees, specifying the specific requirements and specifications for accepting complaints, investigating and verifying complaints, and handling complaints, etc., so that all employees could know the related matters of complaints and whistle-blowing. In terms of reporting channels, we set up reporting mailboxes, senior management complaint mailboxes, HR complaints and employees’ independent reporting to strictly supervise and avoid any corruption. In addition, we also put up a “Warm Tips” at the cashier’s desk of store to establish a consumer reporting channel and protect consumers’ rights and interests. In terms of whistleblower protection, we strictly keep whistleblower’s information confidential, and promise not to tolerate any retaliation against complainants or whistleblowers. Anyone who retaliates against individuals who report suspected violations of laws and regulations or report risks to the Group’s business will be dealt with seriously.

The Group has also continuously improved the anti-corruption management mechanism of suppliers and partners. We conduct anti-corruption and anti-bribery investigations on suppliers of shoes, clothing, accessories and equipment every six months, and require all suppliers to sign the "Commitment Letter of Anti-corruption and Anti-bribery" to regulate their behaviors. Any supplier who has corruption will be dealt with seriously. At the same time, we continue to optimize the reporting procedures, indicate the contact information of reporting in the Commitment Letter of Anti-corruption and Anti-bribery, encourage suppliers to report with real names and provide verifiable information and clues, and strictly keep the whistleblower's information confidential.

The Group actively strengthened anti-corruption publicity and education, enhanced anti-corruption awareness of employees and comprehensively promoted the construction of anti-corruption culture. In 2022, the Group trained 20,139 employees in terms of anti-corruption with the training duration of 179 hours. The details are as follows:

- Conduct anti-corruption training for all directors by circulating data and watching videos, including training and learning on Complaint Reporting Procedures and Anti-corruption and Anti-bribery System of Li Ning Group, and watching "Zero Tolerance" series anti-corruption education videos;
- Explain the "Anti-corruption and Anti-bribery System of Li Ning Group" to all employees through online video recording and broadcasting; distribute anti-fraud publicity and training information, including "Zero Tolerance", "Complaint Reporting Guide" and "Blacklist of Anti-Corruption Tools", etc., to enhance employees' anti-corruption awareness;
- Organize trainings on anti-corruption compliance of LCOUNCIL²⁴ and Enterprise Anti-Fraud Alliance in China, and conduct training for key departments such as internal audit, group audit, retail operation project management, non-productive procurement management, channel supervision department, and HR on investigation and evidence collection of fraud cases, criminal compliance and risk identification, R&D audit and case analysis, key points of criminal compliance review of corporate commercial bribery, recent law enforcement hotspots of commercial bribery and corporate compliance response. A total of 16 relevant trainings were organized.

VII. COMMUNITY INVESTMENT MANAGEMENT

The Group is well aware that the rapid development of enterprises cannot be separated from the support of the government and the community. The Group has always adhered to the idea of coordinated development between enterprise and community, actively assumed social responsibilities, carried out targeted assistance and support with its own sports brand resource advantages, actively participated in public welfare undertakings such as charity, special group care and disaster relief, and made efforts to repay to the society, contributing to the harmonious development of society.

Help each other and address the hardships together

The Group pays close attention to natural disasters and other public health emergencies and social security incidents, actively raises materials and donates money for disaster areas, supports post-disaster reconstruction and resumption of production, and gathers the strength of love to practice the spirit of selfless love.

²⁴ LCOUNCIL: China Legal Executive Council.

Pass on Love – Assist the post-earthquake reconstruction of the disaster area

In September 2022, the 6.8-magnitude earthquake occurred in Luding County, Ganzi Prefecture, Sichuan Province. Once it happened, we immediately learned about the disaster, quickly launched emergency plans for rescue activities, and actively assisted the post-disaster recovery and reconstruction by donating our products and reinforcing medical rescue teams.



Donations for Earthquake in Luding, Sichuan

United as One – Build a barrier for COVID-19 prevention

After the outbreak of COVID-19 in Hong Kong, Shanghai, Jilin, Guangxi and Inner Mongolia, the Group actively supported the epidemic areas to overcome the difficulties by donating cash and epidemic prevention materials. In February 2022, under the overall arrangement of "Hong Kong Community Anti-Epidemic Link", Li Ning Group donated HK\$10 million to support the fight against the epidemic in Hong Kong, China.



Donation for Hong Kong, China

Pass on love and help the needy

The Group is committed to helping the socially disadvantaged groups, paying attention to the development of education level and residents' health in poverty-stricken areas, helping the construction of difficult areas and improving people's livelihood, and promoting the harmonious development of society.

Caring for Women – “Postal Parcel For Mothers” Charity Activity

In the Spring Festival of 2022, the Group cooperated with Tencent's online charity platform and China Women's Development Foundation to launch a “Walk Together” public welfare activity, calling on employees, partners and the public to send parcels to rural distressed mothers and left-behind mothers through sports. During the event, the cumulative number of participants exceeded 1 million, and the donation exceeded RMB800,000.



“Postal Parcel For Mothers” Charity Activity

Care for Children – Material donation and assistance for needy students

In 2022, the Group organized donations together with the China Women Development Foundation, Beijing Chen Weihong Public Welfare Foundation and the Red Cross Society of Jinping Miaozi, Yaozu and Daizu Autonomous County to Nanyangzhuangwan Primary School in Zhengcheng Town, Linyi City, Shandong Province, Mixiang Middle School in Jinping County, Furong Primary School in Madi Township, Longsheng County, Guilin City, Guangxi Province, Banshenqi Primary School in Goumen Town, Tumd Right Banner, Baotou City, Inner Mongolia, and Donghui Primary School and Middle School in Donghui Town, Pingding County, Yangquan City, Shanxi Province. We donated clothes with a public welfare value of more than RMB400,000 to help needy students to get through the cold winter, and fulfilled corporate social responsibility.



Help Poor Students

Inheritance of intangible cultural heritage and cultural rebirth

The Group actively promotes the inheritance of intangible cultural heritage, integrates its products with intangible culture, and further promotes the promotion of traditional culture while enriching its product mix.

Cultural Inheritance – Support the public welfare project of “Genius Mother Dream Workshop”

In 2022, the Group participated in the public welfare project of “Genius Mother Dream Workshop” initiated by China Women’s Development Foundation, and added hand embroidery patterns by genius mothers to the production of products, creating a special series of public welfare clothing products, and exploring the collision and innovation between its own products and Qiang Embroidery art in China. The embroidery pattern on products is the Qiang flower “Rhododendron Westlandii Blossom Pattern”, which means happiness and reunion, and expresses the best wishes for a better life in the future. Through this project, we have achieved the public welfare goal of empowering women in distress with their own needs and helping the rural area revitalize her strength.



“Genius Mother Dream Workshop” public welfare activity

Sports for strong body

With the brand mission of “Let Sports Light Your Passion”, the Group actively responds to the advocacy of sports for all, and promotes the physical fitness of the public with brand advantages.

Cultivate teenagers’ sports hobbies: Set up sports training classes

Focusing on the field of youth sports training, the Group actively sets up training courses to enhance the physical fitness of teenagers and cultivate their sportsmanship. In 2022, we gave a 30-day daily training course on sports of high school examination, basketball and badminton, with a total of 1,500 participants. This training aims to teaching teenagers professional exercise methods, making them cultivate good exercise habits while strengthening physique.

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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"> (i) a disclosure of the board's oversight of ESG issues; (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 (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. 	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>Materiality: 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>Quantitative: 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>Consistency: 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

Aspect	Content	Section
A. Environmental		
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: Exhaust air emissions include NO_x, SO_x, 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.	2022 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).	2022 Environmental Performance
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	2022 Environmental Performance
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	2022 Environmental Performance
A1.5	Description of emissions target(s) set and steps taken to achieve them.	Environmental Goals, Environmental Management System and 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 System and Measures

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Aspect	Content	Section
A2: Use of Resources	General Disclosure	Environmental Management
	Policies on the efficient use of resources, including energy, water and other raw materials.	
	<i>Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.</i>	
	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).	2022 Environmental Performance
	A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).	2022 Environmental Performance
	A2.3 Description of energy use efficiency target(s) set and steps taken to achieve them.	Environmental Goals, Environmental Management System and Measures
A3: The Environment and Natural Resources	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 System and Measures, 2022 Environmental Performance
	A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	2022 Environmental Performance
	General Disclosure	Environmental Management
A4: Climate Change	Policies on minimising the issuer's significant impacts on the environment and natural resources	
	A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environmental Management
	General Disclosure	Climate Change
	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	
	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

Aspect	Content	Section
B. Social		
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>	Safety Security and Health

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Aspect	Content	Section
	B2.1 Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Safety Security and Health
	B2.2 Lost days due to work injury.	Safety Security and Health
	B2.3 Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Safety Security and Health
B3: Development and Training	General Disclosure 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>	Talent Training and Value Creation
	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 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.	Employment Management
	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

Aspect	Content	Section
Operating Practices		
B5: Supply Chain Management	General Disclosure	Supply Chain Management
	Policies on managing environmental and social risks of the supply chain.	
	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, and Supplier Disqualification
	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	General Disclosure	Product Liability Management
	Information on:	
	(a) the policies; and	
	(b) compliance with relevant laws and regulations that have a significant impact on the issuer	
	relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	
	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 Rights and Brand Protection
	B6.4 Description of quality assurance process and recall procedures.	Product Identification and Recall

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Aspect	Content	Section
	B6.5 Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Customer Information Protection
B7: Anti-corruption	General Disclosure	Anti-corruption Management
	Information on:	
	(a) the policies; and	
	(b) compliance with relevant laws and regulations that have a significant impact on the issuer	
	relating to bribery, extortion, fraud and money laundering.	
	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.	None
	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	General Disclosure	Community Investment Management
	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.	
	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